ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For Immediate Release
March 17, 1971

"If political decision-making is the art of the possible, consultation is the art of making the possible acceptable."

This is one of the conclusions reached by Paul Malles in a study of the nature and institutional characteristics of economic consultative bodies prepared for the Economic Council of Canada. This study compares a number of these bodies in France, the Netherlands, Belgium, Britain, Sweden, Germany and the United States, including some with functions similar to those of the Economic Council of Canada.

The institutions studied represent the various types of bodies set up for consultation on economic and social policy. The study traces the origins, the legislative history and the development of these institutions in seeking answers for a number of important questions that have been raised about these bodies. For example, why has the establishment of these bodies become an almost universal phenomenon in the postwar period; what special considerations have shaped their creation; what purposes and needs do they attempt to fulfil; and how are they organized?

The rapid evolution of these consultative bodies in the postwar Western World is, in part, a reflection of the overall growth in the government sector. But more importantly it indicates

(more)

the rising concern and commitment that these countries are giving to the achievement of certain performance goals -- sustained and stable growth, full employment, reasonable price stability, a viable balance of payments, and an equitable participation of all social groups in rising standards of living.

Commitment to these goals does not necessarily mean agreement on the priorities of achieving them. Conflicts of interests cannot be resolved by governments alone but require the co-operation of the major interest groups. The concept of 'concerted politics' stresses the interdependence of the government and the interest groups and the relationships between 'public' and 'private' decisions in a mixed economy. As Mr. Malles points out in his study, "an increasing measure of state intervention has to be reconciled with an increasing measure of interest group intervention in all spheres of social activity".

The concept of economic planning, as it has been approached in most Western countries, involves two distinct elements: a plan for the public sector, under direct control; and, for the private sector, information concerning the state of the economy, including projections of its probable or appropriate future course. Thus, advisory bodies have emerged to fill the latter function using public reports to inform and educate the private sector.

The need for similar goal-directed policies in the Western countries has created functionally comparable advisory bodies. However, a number of differences in political ideologies, constitutional requirements and organizational patterns have given each

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The need for similar goal-directed policies in the Western countries has created functionally comparable advisory bodies. However, a number of differences in political ideologies, constitutional requirements and organizational patterns have given each

institution a unique character. In each case, a number of questions are raised; for example: what is their relationship to government and parliament; how representative are they of various groups; and how far can representatives of interest groups actually commit their constituents and members in the formulation of suggested policies?

The study* suggests that there is evidence that a broad consensus among the various interest groups reflected in the membership of such bodies does provide a firmer and better basis for many public policy decisions.

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* Economic Consultative Bodies: Their Origins and Institutional Characteristics, by Paul Malles, with a Preface by Dr. A. J. R. Smith, Chairman of the Economic Council of Canada. The French version to follow. Available from Information Canada, Ottawa, Ontario. Catalogue number EC22-1470, $3.00.

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

The Economic Council of Canada released today a report that deals with policies affecting innovative activity and the production and distribution of information in Canada.

The Report on Intellectual and Industrial Property makes many policy recommendations that will affect such areas as publishing, cable television, computer programming, and research, development and marketing of new products and processes in Canada. (See separate Releases attached.) The Report recommends ways in which patents, copyrights, trademarks and registered industrial designs can be more effectively employed as policy tools "to improve society's 'total information system' in sectors in which the production and distribution of knowledge might otherwise be inadequate".

This is the third and final report in response to a request from the Government for advice on certain policies affecting consumer interests, and on ways in which competition policy, as well as patents, trademarks, copyrights and registered industrial designs could be more effectively used to achieve Canada's long-term economic objectives. The two previous reports published under this Reference were entitled: Interim Report -- Consumer Affairs; and Interim Report on Competition Policy.

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Patents

OTTAWA -- In urging revision of the patent law -- little changed for 35 years, despite numerous recommendations for change proposed 11 years ago by a Royal Commission on Patents, Copyright and Industrial Designs (the Ilsley Commission) -- the Economic Council of Canada said today that the interest of the consumer should be taken more prominently into account.

Canadians are paying more than their fair share of the cost of the international patent system, while their own domestic system is used mainly by foreigners and has been incompletely effective in encouraging industrial innovation in this country, the Council said.

The consumer-interest aspect also was emphasized by the Council in the area of trademarks, copyrights, and registered industrial design -- the other three main fields covered in its "Report on Intellectual and Industrial Property", submitted today to the Prime Minister.

The Council said these subjects have been "lying about for much too long undisturbed" and in a knowledge-based, post-industrial society undergoing a major information revolution, they could no longer be regarded as mainly a specialized interest of inventors, authors, publishers, research-oriented business firms and lawyers.

2-2-2 xx lawyers.

These matters should be brought into the mainstream of Canadian economic policies, the Council said. All of them involved some form of information, and few other countries had such a large stake in developing an efficient and widely accessible system for exchanging information and for creating, distributing and applying new knowledge.

Patents, the Council said, should be looked upon as one part of a "total information system" and as just one among a wide variety of government policy tools for encouraging invention and industrial innovation in Canada. Patents should work to benefit society by promoting the generation and dissemination of knowledge about new products and processes, thus encouraging industrial innovation -- and ideally better products and services for consumers, at reasonable prices. But in this respect the Canadian system "has not been an outstanding success".

The patent owner now has the right to choose who will make, use, sell and import the patented product. In recent years, about 95 per cent of all Canadian patents have been granted to foreigners. Only 15 per cent of Canadian patents have actually been worked in Canada, and only 12 per cent of Canadian patents held by foreigners have been licensed to Canadian firms.

In those cases where patents actually are worked in Canada, the Council said, there are "troubling instances" where the protection afforded by the patent had resulted in production in Canada at costs that are higher than those of foreign producers. In such cases patents only sheltered inefficiency.

3-3-3 xx inefficiency.

"Also troubling are those instances where no working does take place in Canada, but where the patent protection makes it possible for the imported article to be sold at a significantly higher price in Canada than is charged in other countries where patent protection exists."

Patents pose a dilemma for society, the Council observed: they provide an incentive to the production of useful knowledge, but they do so by restricting the subsequent use that can be made of that knowledge, so that the resulting new products are more expensive to the consumer.

"... the impression which strongly emerges from the statistics and from the more detailed evidence of international price discrimination against Canada, flowing from such sources as the successive official inquiries into drug prices, is that Canada is probably bearing more than her fair share of the total costs by this price effect.

"Looking at patents as an international system, there is a presumption that we are carrying too large a proportion of the costs of the system in relation to the proportion of the benefits that we receive."

The Council made the following recommendations for change:

-- The basic patent right should be redefined so that neither the holder of a Canadian patent, nor his licensee, could prevent the importation into Canada by any other person of a patented article or an article embodying a patented

process -- at least from countries in which similar patent protection is available. This would prevent the patent holder from charging "an unjustifiably higher price in Canada than in other countries where he has patent protection".

-- All Canadian patents should normally become eligible for an automatic, non-exclusive licence to manufacture in Canada five years after the application for the patent, or in certain cases, five years after the first commercial use of the patent. Under the present law, there have been only 11 successful applications in 35 years for a compulsory licence under the general provisions. No further change was suggested for the recently amended sections of the law relating to drug patents.

-- The patent law should make it clear that a patent holder has no right to engage in trade practices prohibited by general government policy regarding combines, monopolies and competition. In effect, competition policy legislation should override patent laws in all cases where they might be in conflict.

-- To the extent that government policy is trying to encourage specifically Canadian research and innovation, on an internationally competitive basis, policy instruments such as tax incentives, subsidies, and risk-capital financing are likely to be more effective than patents. Raising the general level of Canadian patent protection would not have much effect on companies' decisions about whether to carry on research and innovational activities in Canada, for such locational decisions are made largely in the light of relative research and innovation costs

in various countries and other factors having little to do with how much patent protection is available in any one national market. The main effect of higher Canadian patent protection would likely be higher prices to the Canadian consumer.

-- Canada's patent system should use the first-to-file rather than the present first-to-invent basis of granting patents. The first-to-invent system is too open to conflicting claims, the Council said. The first-to-file approach is used in all other major countries except the United States.

-- Publication of patent applications should occur within 12 months of filing the complete specification, so that patent disclosure would be improved. The patent register now has the single largest accumulation of technological knowledge in Canada, and "the wider dissemination of its contents is clearly warranted" as part of the "total information system".

-- Renewal fees for Canadian patents should be imposed at the end of each five years of a patent's life.

-- The term of the patent should run from the date of the patent application, rather than from the time the patent is granted.

New administrative arrangements were also recommended by the Council. It called for the appointment of a Commissioner of Intellectual and Industrial Property to oversee the administration of legislation concerning not only patents but also copyright, trademarks, and industrial design.

6-6-6 xx design.

Noting that new technology is creating new issues in all of these areas, the Council added:

"A small but high-quality Policy Advisory and Planning Group, with economic and technological as well as legal expertise, should be set up to assist in evaluating the effects of the patent and other intellectual and industrial property law, to do research into newly emerging policy problems, and to advise on policy positions for international negotiations."

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Copyright

OTTAWA -- Action to reduce the prices of foreign books in Canada by abolishing some of the import restrictions built into the copyright law was recommended today in a report to the federal government by the Economic Council of Canada.

One survey indicated, the Council said, that the prices of a sample of British books purchased and mailed to Canada directly from British bookstores were, on the average, 30 per cent lower than the retail prices of the same books purchased from a Canadian bookstore. It was suggested that this difference goes well beyond what could reasonably be expected as a result of the higher costs of distributing books to a dispersed Canadian market.

This situation results in part, the Council said, from sections in the copyright law that can be used to protect publishers who distribute foreign books in Canada from price competition by prohibiting others from importing the same copyright works in volume. By acquiring the Canadian copyright on the works of foreign authors, usually by acting as agents for parent firms abroad or for other foreign publishers, the Canadian publishers thus are in a position to price and distribute these books without threat of large-scale competition.

 competition.

Such practices have been defended in the past, the Council observed, on the basis that the profits from this agency business are needed for the "cross subsidization" of Canadian literature. The Council said that the fostering of Canadian cultural identity and the maintenance of a healthy Canadian publishing industry are important national objectives, but that keeping up the prices of foreign books is a poor way of trying to achieve them -- a way more objectionable even on cultural than on economic grounds.

The Council asked:

"How does it further the education of Canadian youth and the development of Canadian culture and civilization, which still heavily depend on good informational links with their nearer foreign relations, to place such a high private tax on an important segment of reading matter?"

The Council said it is time for public policy to strive to bring down the prices of foreign books in Canada. Other more effective ways of supporting Canadian literature could be found. For example, the federal government might help the publishing industry to explore the possibility of developing an independent network facility for the distribution of authorized photocopies and other short-run, produced-to-order materials. This would help to head off copyright infringement via photocopier and provide enlarged markets to authors and publishers.

Touching on recent issues in Canadian publishing, the Council said that while it had closely examined the economic

aspects of copyright, it clearly recognized that Canadians want a strong and distinctive cultural identity. The Council said it assumes that Canadians are willing to pay some price for this special identity, but also that they want Canadian creative works to be not only Canadian but also good.

"To reduce the matter to a concrete example, any decision-maker responsible for foisting upon Canadian students a third-rate textbook simply because it is written and produced in Canada should consider himself overdue for an interview with his conscience and a careful contemplation of the long forward shadow cast by the quality of education.... Low-grade cultural parochialism does no service to the cause of a durable and creative Canadian nationalism -- quite the contrary."

Examining other aspects of the copyright situation, the Council made these recommendations:

-- Special efforts should be made to clear up copyright problems connected with computerized information systems and other new information technology, even if this means the adoption of comparatively novel procedures for remunerating authors and publishers. The potential benefits of the "information revolution" currently under way are peculiarly great for Canada. The new technology promises to make the effective conveyance of messages from authors and other creative persons to the public very much cheaper and quicker, in a way capable of bringing long-run gains to all concerned.

 concerned.

-- At the same time, the very speed and efficiency of the new technology may ultimately put some information systems into a position of dominance over their markets, with attendant dangers of State or private censorship and monopoly. These should be carefully guarded against by Parliament, the mass media and the public. To ensure against economic exploitation of authors and the public by market-dominating information systems, ministerial power to regulate royalties (as is now done for performing-rights societies) and to issue compulsory copyright licences should be provided. In a few cases, such powers may also be needed to ensure that the early development of socially desirable information systems is not held up by prolonged haggling over copyrights and by insistence on complicated and expensive billing arrangements for individual works.

-- Canada should press for an international system of compulsory copyright registration, and possibly start by setting an example in a domestic system applying to Canadian films, books and other works. Such a system is increasingly needed in order to make the ownership of a copyright easier to trace and the royalty more convenient to remit. It would cut down on lengthy searches for copyright owners and unnecessary copyright lawsuits.

-- No change should be made in the present term of copyright protection. The term now is the life of the author plus 50 years, or a straight 50 years in the case of photographs and recordings. The Council said this "appears to give ample time for income to flow to copyright holders and their surviving dependants."

5-5-5 xx dependants."

-- Penalties for copyright infringement should be raised to levels more appropriate to modern conditions.

-- Where a publisher re-issues a "public domain" book on which ordinary copyright has expired, he should be given ten years of copyright protection on that particular edition by protecting it through its type style.

-- An inactive "performing right" in sound recordings, now included in the Canadian copyright law, should be removed. Only the authors and composers of lyrics and music should be able to enforce such a performing right in sound recordings, in the Council's view.

-- Where Canadian government policy is specifically seeking to better the lot of Canadian authors, artists and other creative people, careful consideration should be given to the use of policy instruments other than the copyright law. This is because, under international copyright conventions, Canada's copyright law must not basically discriminate against residents of other convention countries, and because Canadians use far more copyright-protected material than they produce. As a result, raising the general level of Canadian copyright protection would do much more to benefit foreign authors, publishers, broadcasters, etc., than it would their Canadian counterparts.

-- The functions of the present Copyright Appeal Board should be expanded and incorporated into the functions of a new Appeal Board on all matters of "intellectual and industrial property". Also, there should be established a new Copyright

Advisory Committee to advise the Minister of Consumer and Corporate Affairs on some of the particularly difficult copyright issues that are likely to go on appearing as new information technology comes into use.

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Photo-copying

OTTAWA -- The photo-copying problem now faced by publishers, printers and book-sellers should be solved by improvement in their book-distribution systems and not by some specific new provision in the copyright law, the Economic Council of Canada said today.

A proposal that all copying machines be equipped with special stamping and metering devices to help determine and collect copyright royalties was rejected by the Council as one that seems "too negative, defensive and partial" as well as too difficult and inefficient to enforce.

Photo-copying is not, in any event, primarily a copyright and royalty evasion problem, the Council suggested, noting evidence that most copying is of business letters and memos or consists of single-copy, partial reproduction from books and journals which is exempted by the "fair dealing" provisions of the copyright law.

Even where copyright infringement does occur by making several photo-copies of books or parts of books, the Council noted that the copying is likely to cost between four and five cents a page, compared with a cost of half a cent to two cents a page if the books were bought from a book-seller.

2-2-2 xx book-seller.

"If people are using copying machines mainly to avoid paying authors' and publishers' royalties, they have chosen a rather expensive way of doing it!"

The real reason for such copying, the Council argued, is that often it can take weeks to get a book -- even assuming that it's not out of print -- and people are willing to pay the relatively high price of photo-copying in return for speed and convenience. Or again, they may want to use only a small part of a book or journal, and there is at present no convenient and efficient way in which they can do this and pay the author and publisher on a pro-rata basis.

"... people paying double or triple the book-seller's price (plus a conscience price) for fast and convenient information may be infringing copyright, but not necessarily the canons of rational economic behavior, for time is valuable, and searching out and waiting for information in readily usable form can be very costly."

That is the real problem facing the book industry, the Council said. It is not a case of people breaking copyright every chance they get, but rather that people now are more impatient for books and other materials and want faster delivery than the industry provides.

"... they are less disposed to wait while consumer demand builds up for a new edition of an 'out-of-print' work; they frequently want parts of books and journals rather than whole books and journals; they are often prepared to pay well for distinctly spartan print-products provided they suit requirements and arrive quickly in the quantities desired."

 desired."

The Council warned that if this situation is treated as a copyright evasion problem "the result may well be both bad copyright law and a diversion of attention away from some serious but probably not insoluble technological and economic problems facing the publishing, printing and book-selling industries."

It is hard to use any fundamental reason -- given existing and developing technology -- why these industries can't profitably meet these stiffer consumer demands, the Council said. The "paperback revolution" had helped. So in some cases had the use of computers, though in most cases these were being used only for print production rather than for book distribution.

The Council also noted that if electrostatic and other new copying methods can be used by a small-scale copyright infringer, they can also be used by a commercial printer -- and used more cheaply, given the longer average production runs of the printer.

It was suggested that the publishing, printing and book-selling industries could use new distribution methods -- picking up royalties in the process -- in such a way that "private economic interest rather than a vast new enforcement mechanism would keep infringement within bounds".

For example, the possibility should be explored of developing, on a voluntary use basis, "... some kind of intermediate, independent network facility for the fast and convenient delivery of non-infringing photo-copies and other short-run, produced-to-order printed materials". Delivery could be by mail, or be carried out on the spot by some book-seller, librarian or other person acting as a point-of-sale agent.

4-4-4 xx agent.

Delivery systems of this kind would probably use some kind of standard royalty schedule. If they grew large and came to dominate their market, their standard royalties might have to be government-regulated in order to protect the interests of both authors and consumers. Some monitoring and metering devices might be used to assess royalties -- but only as part of the distribution network. Other copying-machine operators would not be legally required to install such devices.

While this might appear to be a "tall order", the Council said, "the question must be asked whether there is any altogether different line of approach that is likely, in the long run, to be economically and also politically feasible".

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Cable TV

OTTAWA -- Cable TV operators should no longer be totally exempt from copyright liabilities, the Economic Council of Canada said today.

Although it is thought desirable in most cases that copyright owners should be paid in proportion to the public use of their work, the courts have placed cable TV in a unique position because its operators are not considered to be wireless "broadcasters" to the "public".

One result is that the cable TV companies do not have to pay the government-regulated royalties that TV stations themselves now pay to the performing-rights societies that represent authors and composers.

The mode of transmission -- whether coaxial cable or the Hertzian waves of the originating TV stations -- should not matter in determining the liability to copyright owners, the Council said in its Report on Intellectual and Industrial Property.

In cases where cable TV operators pick up and retransmit TV programs without altering their content -- specifically, without dropping or changing the advertising -- the originating station could charge higher advertising rates based on a bigger market. The resulting higher revenue for the TV station would provide an excellent

basis on which performing-rights societies and other copyright owners could negotiate larger royalties, the Council suggested.

But in cases where the cable company dropped some or all of the ads, or where the original program contained no advertising, the Council suggested a system under which the cable companies must always inform the Canadian Radio-Television Commission what they are doing to the original programs.

"Where alteration was occurring, or where the cost of the wireless broadcast was not carried by advertising, the cable company might be required to provide appropriate recompense to copyright owners either by compulsory licensing or through negotiated arrangements with the wireless system."

In cases where the cable companies transmit other programs -- such as those they originate themselves or carry for others, in community or educational programming, for example -- they should have the same copyright responsibilities towards authors and other copyright owners as do wireless broadcasters, the Council said.

More complicated problems would be raised with broadcasts that cross national boundaries, and these would become even more difficult when satellites become capable of beaming programs directly to home receivers rather than only through ground stations. These problems will have to be solved by international agreement, the Council said.

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Computer Programs

OTTAWA -- The idea of giving either patent or copyright protection to computer programs in Canada has been rejected by the Economic Council of Canada.

In its Report on Intellectual and Industrial Property, published today, the Council said current levels of activity on the software side of the computer business indicate that the incentive aspect of patents or copyright is simply not needed to encourage more writing of computer programs and growth in the industry.

Moreover, the Council said that widespread public disclosure of such programs "is obviously socially desirable, particularly in a country that has as much to gain from the information revolution as does Canada". As one step to encourage more disclosure, the Council urged the federal government to publish a guide to its own computer programs and those of other producers who wished to be listed in such a catalogue. Disclosure should be made not only about certain details of the program, but also about their application -- what the programs are capable of doing.

The Council noted that this would amount to free government advertising for commercial software houses, but suggested that such subsidization might be considered a "justifiable use of public funds in the present stage of the computer art".

2-2-2 xx art".

Urging that Canada not join any world trends to grant patent or copyright protection to computer programs, the Council also suggested that there would be "good practical reasons" for not falling in step with other countries that might take such action.

"Except where complex chains of international effects make it in their own interests to do so, Canadians are not obligated to adopt the ill-advised policies of other countries, or policies that, while they might be in the interests of other countries, would not make sense in Canada."

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

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ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971)

Trademarks

OTTAWA -- What's in a trademark?

Not much, at least not for the consumer, the Economic Council of Canada said today.

Historically -- and the history dates to ancient Egypt -- a trademark meant the source or origin of a product. It was a way for the consumer to identify a product with its manufacturer.

But in 1953 Parliament revised the trademarks legislation to allow one manufacturer to license his trademark to a different manufacturer. And often this works so that the original owner of the trademark loses control over the products on which the mark appears.

So what does a trademark indicate to a buyer today? Does it tell him something about "origin", or "quality", or "conditions of sale"? And what do those things mean?

"A state of uncertainty prevails", the Council concluded.

There now are almost 115,000 trademarks registered in Canada.

Another major problem identified by the Council was that the present law can shelter a variety of anticompetitive practices such as price discrimination, restrictive licensing agreements, resale price maintenance, and import restriction.

For example, the owner of a trademark now has the right to prevent the importation of goods that bear an identical or similar mark. This can sometimes work so that Canadian consumers are denied access to lower-priced goods, even items identical to those bearing the Canadian trademark but produced abroad.

Evidence that this has resulted in price discrimination against Canadian consumers has already been developed by federal inquiries into the drug and farm machinery industries, and the Council said that while there is uncertainty about where else the situation may exist, "the potential is there and this opportunity should not persist".

The Council said the right to restrict imports should remain -- but with these two exceptions:

1. A corporate owner of a Canadian trademark should not be able to claim an import restriction when the product is available from a parent or subsidiary in another country.

2. Similarly, when the owners of Canadian marks are linked to even unrelated companies through trademark-licensing arrangements, they should not be allowed to restrict imports of goods produced by the other company.

The reason for retention of some import restriction is to stop fraudulent or misleading use of a trademark that misrepresents

the real origin of the product. Those cases in which the intended purpose of revealing the origin of the product is misused to subdivide markets and operate price discrimination must be removed, however, in the interests of Canadian consumers.

As for the meaning of trademarks for the consumer, the Council said that after considering a number of alternatives it would recommend the adoption of a new system of marks:

-- "TM" for a registered trademark in the historic meaning of the term, as an indicator of source or origin;

-- "PM" to indicate the "product mark" of a manufacturer who defines certain product standards;

-- "LPM" if the "PM" mark is licensed to other firms;

-- "CM" for a "certification mark" which is licensed for use by others who meet defined standards (for example, "Harris Tweed").

Such a classification system, the Council suggests, would add to the information base for purchasers in forming their buying decisions.

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

(Advance for release at 5 p.m. EST Tuesday, March 23, 1971).

Industrial Design

OTTAWA -- The Economic Council of Canada said today that the federal legislation on registered industrial designs is weak and uncertain, and should be rewritten to become one small part of a government policy to encourage modern and functional designing of consumer products rather than "mere superficial ornamentation and gimmickry".

In the Council's view, the more important parts of the overall design policy would be a system of design awards, various government incentives and subsidies, and educational efforts to create among consumers an "acquired taste" for good design. Some of these things are being done now.

The Council also commended to Canadian industry the European concept of a melding of artistic and industrial skills in creating products, rather than the frequent North American practice of calling in a designer to "gussy up" the product after the engineers and marketing experts have made all the main decisions.

Also identified was a need to improve the education of designers in Canada so that they will be better able to work effectively in the Canadian industrial environment, and then to educate Canadian industry to make more and better use of the resulting design graduates.

2-2-2 xx graduates.

Of the design-registration law itself, the Council was sharply critical. The legislation gives a successful applicant for registration of an original design the exclusive right -- for five years, with an option to renew for five more years -- to use the design in Canada, or allow others to use it.

However, the present law does not define "industrial design", let alone "good industrial design", and the requirement of originality is subject to various interpretations. Among the results has been a jurisprudence described by the Council as "confusing, ambiguous and a source of much uncertainty".

There are now about 7,000 designs registered in Canada. Most of them apply to furniture, packaging, toys, appliances, household articles, apparel, and bottles. Registration applications now are being made at a rate of more than 1,000 a year.

Under the Council's recommendations, the final decision on whether a design is registrable -- and thus entitled to protection -- would be largely removed from the courts and placed in the hands of a Design Advisory Board, which would include design specialists. This board would advise an Assistant Commissioner for Industrial Design, who would be under the Commissioner for Intellectual and Industrial Property -- a Commissioner, as recommended by the Council, to have responsibility for administration of laws in the fields of patents, copyrights, trademarks and registered industrial designs.

Before registering a design, the Assistant Commissioner would have to be satisfied that it is (1) truly "new and innovative",

3-3-3 xx innovative,

(2) a meritorious marriage of form and function that is likely to improve "consumer welfare", and (3) intended for commercial or industrial use so there would be no confusion with "works of art" which are separately covered by copyright.

The renewal provision would be dropped, leaving only a single term of five years for exclusive use or assignment of the design. The present "Rd" mark for registered designs would be replaced by some more striking and distinctive symbol accompanied by the word "Canada".

In deciding whether a design could be registered, the members of the Advisory Board would strive to ensure that it was "in some sense a significant breakthrough". They would also be expected to ensure that the article was safe for its intended use, and for that purpose might have resort to the product-testing facilities of the federal government or other bodies.

The Council added:

"In their own concern with form, they would be expected to take a broad view, welcoming both advanced experiment and valid refurbishment and reinvigoration of older styles, without attempting to act as narrow arbiters of fashion to the nation.

"On that as on other points, the market test would be the real ultimate arbiter, for both registered and unregistered designs."

(End advance for release at 5 p.m. EST Tuesday, March 23, 1971)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For Immediate Release
April 20, 1971
4:00 p.m. PST
7:00 p.m. EST

Too few companies are using systematic, integrated programs for the planning and development of their managerial manpower requirements. This is the conclusion reached by staff members of the Economic Council of Canada on the basis of a study they conducted of a selected group of Canadian companies. The results of the study have just been released in an Economic Council of Canada publication entitled Meeting Managerial Manpower Needs prepared for the Council by B. A. Keys, F. G. Thompson, and Morris Heath.*

Speaking about this study at a press conference in Vancouver, where a meeting of the Economic Council is being held, Arthur Smith, Chairman of the Council, stressed the importance of the management function and the need to assign a higher priority to the planning and development of managerial manpower needs in Canada.

The study reflects the Economic Council's concern about whether adequate numbers of well-trained managers will be available in Canada in the 1970's to meet the needs of the overall economy as well as of the individual firm.

Accordingly, the study was devised to encourage greater general attention to the forward planning of requirements for management, and also professional personnel, and to appropriate courses of action for meeting the needs which would thus be identified. While only business firms were surveyed, it was recognized that the management function is vital also in organizations such as universities, hospitals, and throughout various levels of government.

*Meeting Managerial Manpower Needs, by B. A. Keys, F. G. Thompson, and Morris Heath, with a Foreword by Dr. A. J. R. Smith, Chairman of the Economic Council of Canada. Available from Information Canada, Ottawa, Ont., Cat. no. EC22-1671, $1.25.

2-2-2 xx government.

Two somewhat unique features of the report are the formula presented for identifying manpower needs, and the rating system which was developed, and is presented, as a practical tool for assessing a company's manpower programs.

As a framework for the project, comprehensive manpower programs were seen as a series of integrated components ranging from corporate planning, through job identification, manpower inventory, and matching of jobs and manpower to training, development and recruiting. A simplified program was visualized in the form of a "manpower equation" wherein Demand when matched with Supply reveals Needs.

Among the 46 companies surveyed, relatively few of them were found to have comprehensive integrated manpower programs. Fewer than one-half of the companies review with participants the objectives of the training and development activities in which they engage, and fewer still undertake an assessment of the results produced.

The demand for recruits to the managerial/professional group in the survey companies is expected to grow at over twice the rate of the total labour force. A rapid rate of increase is projected in hirings of postsecondary school (community college) graduates but almost one-half of the reporting companies do not intend to recruit at all from this source. No change is planned in the proportion of managerial/professional recruits holding masters' or doctoral degrees though educational statistics reveal a high rate of growth in the supply of these highly educated persons.

Among a number of indicated courses of action, the authors suggest that greater attention needs to be given to defining corporate plans more clearly and to delineating job responsibilities and objectives in more specific terms. They emphasize, too, the need for

3-3-3 xx need for

greater attention to the clearer identification of needs for training and development and the importance of outlining the purpose and objectives of programs and approaches being used.

A prominent Canadian management consultant and former Dean of a Canadian school of business commented:

> "The survey indicates that we've got a lot of work to do if Canada's managerial and professional manpower resources are to be ready to exploit the different opportunities that lie ahead for Canadian business: less wishful thinking that any management development is good and more calculated identification of needs and matching development programs."

In conclusion the report points out that further study is needed to provide additional information on the relative effectiveness of all the various means currently in use for the training, development and recruitment of management personnel. The report indicates, too, that more needs to be known about the key factors in effective management performance and the effect of company climate, managerial style, and interpersonal relationships on the whole managerial process. The final point is made, however, that while further research would be useful, the results of this study indicate that important opportunities exist currently for the wider application of comprehensive, co-ordinated procedures which are already practised in some companies.

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For Immediate Release

May 11, 1971

The Economic Council of Canada released today a Special Study, *Expenditures, Output and Productivity in Canadian University Education*, by Walter Hettich.

This Study was undertaken in 1969 by Professor Hettich, now at Carleton University, and was considered as background material for Chapter 5 of the *Seventh Annual Review: Patterns of Growth*, which focused attention on higher education largely from a productivity point of view.

In that Review, it was pointed out that government expenditures on university education for operating purposes increased during the 1960's at about 22 per cent per year, about three times as fast as Gross National Product. Postsecondary enrolment increased at an average annual rate of close to 13 per cent, and costs per student increased at an average annual rate of about 8 per cent. In short, during the 1960's, postsecondary enrolment in Canada tripled and costs per student doubled.

In the Foreword to this Study, the Chairman, Arthur J. R. Smith, comments as follows:"The Council is fully aware, of course, that the economic aspects are not the only ones relevant for policy formulation in education. Analysis of how effectively resources are used in the educational sector is important, however,

(more)

and is becoming increasingly more so with the tremendous growth in the volume of productive resources being allocated to education."

On the assumption that graduates embody the human capital being "produced" by universities, this Study attempts to trace productivity trends in instructional activities for a sample of 49 universities over the 12-year period 1956-57 to 1967-68. In the Study, a set of consistent statistical data, which apply to a "broadly representative group of 49 universities" has been developed. Approximately 85 per cent of total enrolments in Canadian universities and degree-granting colleges are accounted for by these 49 institutions.

An attempt has been made to answer the question: How has productivity been affected during the rapid increase in student enrolments? (p.3) Research-related costs were set aside. "Instruction stands for all activities associated with the teaching and learning process. It results in the formation of human capital, one of the main outputs of universities." (p.7)

The major findings of the Study are:

"From 1956-57 to 1967-68, total productivity in instructional activities declined steadily for the group of 49 universities and colleges. Forgone earnings of students were a major factor in this decline." (p.65)

"If we disregard the student resource constribution [which is mainly in the form of forgone income while attending university], restricting the analysis to university-related inputs,

(more)

we no longer have a clear downward trend. Rather, we can distinguish two separate periods of productivity change. During the first six years, the index fluctuates, regaining its starting point in 1961-62. Only after 1962-63 does a consistent decline set in." (p.65)

Dr. Hettich cautions: "One cannot simply blame the universities for the downward trend in *total* productivity observed in this Study. While it may be true that universities have been reluctant to undertake a re-examination of existing degree programs, such programs are rarely questioned by other groups in society. ...Any successful redefinition of programs would require the support of all major groups in society." (p.67)

In assessing education as a labour-intensive industry, Dr. Hettich points out that, in addition to the importance of faculty time in the university sectors: "One must realize, however, that student time is an even larger and, in total, even more costly input. It is imperative that those who make decisions on educational matters take full account of the value of student time." (p.67)

If there are minor or no changes in the structure of academic programs, the productivity measures which exclude the student resource contribution "throw light on the management of university resources in instructional activities. ...The fall in productivity after 1962-63 does raise concern about performance in the middle and late years of the 1960's." (p.68)

(more)

The author emphasizes that this Study "represents a first attempt at measuring phenomena which can be quantified only with difficulty. Our conclusions remain tentative until they are confirmed by further work." He recommends cost-effectiveness studies that would "offer an independent way to verify the results of our analysis". (p.69)

The author points out that the results of the Study suggest that: "There is a need to re-examine the allocation of resources in higher education. It is hoped that the statistical information presented in this Study will assist those who want to analyse the many problems that remain." (p.69)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For Immediate Release
May 13, 1971

The Economic Council of Canada released today a staff study on *Business Education and Faculty at Canadian Universities* by Dr. Max von Zur-Muehlen.

For some time now the Council has expressed concern with the urgent need to strengthen the capabilities of Canadian management. The future performance of Canadian industry will increasingly depend on its ability to achieve and maintain a high level of managerial competence.

In a recent survey,[1/] *Meeting Managerial Manpower Needs*, the Council noted that only about 35 per cent of the management/professional group required by the surveyed firms would be recruited from universities and that "No change is planned in the proportion of the management/professional recruits holding masters' or doctoral degrees though educational statistics reveal a high rate of growth in the supply of these highly educated persons."

In the Foreword to this study, the Chairman, Arthur J. R. Smith, comments that "in spite of the attempts in recent years to strengthen university business education, it appears that the resources allocated to Canadian business schools may still be at an unsatisfactory level".

1/ *Meeting Managerial Manpower Needs*, by B. A. Keys, F. G. Thompson, and Morris Heath, with a Foreword by Dr. A. J. R. Smith, Chairman of the Economic Council of Canada. Available from Information Canada, Ottawa, Ont., Cat. no. EC22-1671, $1.25.

2-2-2 xx unsatisfactory level".

Dr. von Zur-Muehlen concludes that "support from the university establishment, industry and government has remained uneven. Particularly, the federal government has not been directly involved in strengthening the quality of management in Canada."

Among other highlights of the study are the following:

-- Until the 1960's, business education at most Canadian universities had remained underdeveloped, and neither industry nor government were prepared to actively support business programs. In recent years, however, many universities have strengthened their business faculty and expanded into graduate programs, but support from the university establishment, industry and government has remained uneven. Particularly, the federal government has not been directly involved in strengthening the quality of management in Canada.

-- Between 1951 and 1961, the proportion of Canadian managers who had some university education or a degree decreased from 19 per cent to 16 per cent, whereas in the United States the percentage improved from 27 per cent to 35 per cent.

-- At the undergraduate level, the proportion of students who selected commerce and business administration declined in the 1960's from over 6 per cent to about 5 per cent.

-- Until 1970, Canadian universities had produced only three doctoral degrees in business administration.

-- About 80 per cent of the business faculty are Canadian citizens compared with less than 60 per cent in other disciplines.

-- Many business schools have concentrated almost entirely on the full-time students with less attention being given to part-time students and continuing education programs.

-- The Canadian business schools have not collaborated very effectively in areas such as joint graduate programs, faculty and student exchanges, joint summer and research programs. Innovative spirit is lacking for the establishment of reciprocal arrangements between industry and the business schools, work-study programs for students, and interdisciplinary research. Business schools should extend their programs

to areas such as public health, recreation and educational administration, and science administration. There are very few international business courses available at Canadian business schools.

-- In some Canadian business schools the quality of the faculty and of the programs equals that of the best U.S. universities, and improvements are continually taking place.

-- As stated in Chapter 5: "The accomplishments of Canadian business schools during the last decade deserve recognition in spite of serious omissions and lack of imagination and initiative on the part of both the faculty and university administration. During the 1960's, expansion of the business faculty was the outstanding feature of university business education in Canada. In the next decade the business schools might well concentrate on qualitative improvement in their faculty, research activities, and teaching programs. If these pre-conditions are fulfilled, the business faculty may become one of the more imaginative and progressive forces in higher education."

In conjunction with this study, the Department of Industry, Trade and Commerce has published a *Guide to Business Education Programs at Canadian Universities*, also by Dr. Max von Zur-Muehlen.

(Economic Council of Canada, *Business Education and Faculty at Canadian Universities*, by Dr. Max von Zur-Muehlen. Available from Information Canada, Ottawa, Ontario, Catalogue number EC22-1571, $3.25.)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For immediate release
June 8, 1971

The Economic Council of Canada released today a Special Study of *Canadian Hospital Costs and Efficiency* by R. D. Fraser.*

The Study was undertaken for the Council by Professor Fraser of Queen's University. It served as background material for the Health Care chapter of the Council's *Seventh Annual Review*, "Patterns of Growth", which focused on sources and patterns of growth in the Canadian economy.

In that Review, the Council pointed out that health care is becoming a more important element in our economy, and its economic aspects require more careful appraisal. Increasingly persistent and probing questions are being asked about how to use rapidly expanding capital and highly skilled human resources to the best advantage to achieve the goals which Canadian society wishes to set for itself in the health care field. Reinforcing this need are the prospects for further large increases in expenditures on health care during the 1970's -- at the same time as the rising expectations of Canadians along various other lines will be competing for some of the same capital and manpower.

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* R. D. Fraser, *Canadian Hospital Costs and Efficiency*, Economic Council of Canada Special Study No. 13. Available from Information Canada, Ottawa, Catalogue no. EC22-2/13, $2.00.

In *Canadian Hospital Costs and Efficiency*, Dr. Fraser points out that hospital expenditures account for over half of total health care expenditures in Canada. The importance of hospital services has been increasing relative to total health care and to the rest of the economy.

The nature of hospital costs and the existence of relationships between them and several economic factors is the major concern of the Study. Data for 1966 on each of 1,266 public hospitals in Canada are used for the estimation of cost and production functions. Capital, as well as direct, costs were included. An attempt was made to allow for variations in the "output" of hospitals by calculating a composite measure of output for each hospital.

With regard to the relationship between hospital costs and output, the evidence indicates that the greater the measured output of the hospital, the lower its average costs tend to be. The author says that incentives, such as travel subsidies, might be employed to increase the extent to which existing hospitals are used before new ones are built. There would appear to be scope for action in this regard, as average capacity utilization of hospitals varies from 66 per cent in Newfoundland to 83 per cent in New Brunswick.

Professor Fraser also says that a more general regional network of hospitals is probably warranted. Such a network would involve some hospitals specializing in intensive care, some specializing in nursing care, and some others specializing in care for the aged.

The author suggests that detailed study should be made of those hospitals exhibiting costs substantially *higher or lower* than what would be expected on the basis of a statistical study of costs in relation to output, capacity utilization, and the existence of medical training programs.

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For immediate release
Wednesday, July 21, 1971

Competition policy in the United Kingdom, Sweden, the Federal German Republic, Denmark and France, differs from that of Canada in many ways. "One of the most striking differences is the widespread use of negotiation and persuasion either as formally required by law, or as an administrative practice." This is one of the conclusions reached by Professor James P. Cairns, in a Study released by the Economic Council of Canada today, entitled *The Regulation of Restrictive Practices: Recent European Experience*.* This Study sets out an up-to-date picture of the state of competition policy in five European countries, and examines the basic approaches in these countries to the problems in the general area of competition, monopoly, restraint of trade, combines and mergers, in terms of philosophy, objectives and administration. This is one of a series of background studies to the Economic Council's *Interim Report on Competition Policy*, July 1969.

In commenting on postwar development of competition policy in these countries, the Study points out that "concern with cartels, restrictive practices and dominant firms has frequently reflected concern with inflationary pressure, and a felt need to check the price-raising powers or consequences of such organizations, arrangements, practices, and positions." Of the countries studied,

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* Available free of charge directly from the Secretary of the Economic Council of Canada, P.O. Box 527, Ottawa, Ontario, K1P 5V6, or by phoning 993-1634.

Denmark is the one which has most thoroughly related its policies on restrictive business practices and monopoly to price control objectives. "It seems fair to say that the main concern of Denmark's policies is to keep prices under check." Administrative determination of the reasonableness of price increases and administrative approval of such increases are used to achieve this goal.

The Study reports on the full range of competition policy in each of the five countries in question, and singles out for special attention particular problems or policy areas that receive special emphasis in individual countries.

For example, the United Kingdom is the only one of the countries studied that has an effective "mergers policy, by which is meant a policy able to prevent, or dissolve, mergers deemed to be detrimental to the public interest. The only other country with legislation on mergers is the Federal Republic of Germany [but] ... the Act calls only for the reporting to the authority of mergers of a certain size, with no power existing to prohibit mergers."

The Study discussed at some length the issues involved in policies to deal with dominant firms. "In its usual European version, the underlying assumption behind dominant firm policy is that conduct and supervision, rather than structural reform, is the feasible method of obtaining satisfactory performance. The United Kingdom is the only country studied in which the government

(and only since 1965) possesses the power to apply a structural remedy, that is, to prohibit a merger, that would lead to, or strengthen an already existing, dominant position."

The preventing of abuse by dominant firms creates problems. The Study comments "one can escape some, but not all, the implications of the abuse approach if one is prepared to prevent the development of dominant positions by laws against mergers and monopolization, or if one refuses to grant exemptions from a forthright prohibition of restrictive agreements. When, however, as in the countries studied, the possible economic merits of the size of firms likely to be market-dominating, or of competition-reducing cartels are recognized, it is difficult to escape the need for assigning to some public authority the power to act against the abusive exploitation of market dominance...."

In all five countries resale price maintenance is treated separately from other restrictive practices, either through specific legislation, or through specific resale price maintenance provisions in the general legislation. This prohibition is nominally supported by authorities to take care of "refusal to deal" and discrimination which might be used to enforce an illegal use of resale price maintenance, or to convert a system of price recommendations into one of price maintenance. Professor Cairns makes the point that the resale price maintenance laws "made a considerable contribution to increased competition ... these laws tended primarily to give impetus to a movement for a more competitive retail pricing...."

Publicity is an important source of effectiveness for the laws in most countries. Rather than defend the cartel arrangement for which little argument can be offered, cartel members frequently abandon a restrictive agreement as soon as the matter of acceptability is raised. In those countries in which restrictive agreements must be registered, and the register is open for public examination, the registration requirement is often sufficient to minimize detrimental impacts on the public.

Professor Cairns draws special attention to the fact that any country that moves to an approach that places emphasis on the economic consequences of restrictive agreements, dominant positions, trade practices, and mergers, will have to decide on the way in which it will make economic analysis serve its purpose.

ECONOMIC COUNCIL OF CANADA

EIGHTH ANNUAL REVIEW -- DESIGN FOR DECISION-MAKING

Press Summary

The following notes, with bracketed page references, are intended only as a press guide to the contents of the Review. The notes do not constitute a summary or digest of the entire document. In many cases the notes are subject to important qualifications in the Review itself.

Chapter 1 -- Introduction

Government decision-making -- the process rather than the outcome -- is the subject of the Economic Council's Eighth Annual Review. (1)

All Canadians have become increasingly aware of the impact of government decisions -- federal, provincial and municipal -- on their daily lives. Along with this there is a spreading recognition that government decisions now have greater consequences for good or for ill than was true in earlier days. Public concern for better decision-making reflects both the effect of affluence on increasing our wants and aspirations and the heightened pace of change that has produced a widening array of discontent. (1)

In this Review, the Council selects key elements in government decision-making processes as a basis for generating questions about objectives, policies and programs. (2)

Chapter 2 discusses briefly the increasing role of government. Chapters 3 through 5 review some of the approaches to government decision-making that have been or are being developed, and set up a framework for asking questions about the decision-making process that focuses attention on some possible improvements. Chapters 6 through 8 illustrate some of the concepts developed in the earlier chapters by reference to the new programs of federal manpower policy. Chapter 9 deals with a major policy area in the provincial sphere of jurisdiction -- education. Chapter 10 sets out a few conclusions relating to the main theme of the Review.

The Council emphasizes the illustrative nature of the specific programs discussed in the concluding sections of the Review. Chapters 6 to 9 are not intended to provide comprehensive reviews or assessments of policy.

The Review is not directed at experts in governments. Indeed, what is said will not come as news to many people already making decisions in government. (3) It is, instead, directed at a much wider audience in the feeling that enhanced public understanding of these processes will help to support and facilitate better government decision-making. The methods and improvements suggested are intended for consideration by all levels of government, for provinces and municipalities as well as for the federal government.

Chapter 2 -- The Increasing Role of Government

An irregular upward trend in government expenditures as a percentage of Gross National Product has been in evidence for many years in Canada. Total government expenditures rose from 31½ to 35½ per cent of GNP from 1961 to 1970, with a rapid expansion in spending on human resource programs -- particularly in the fields of health, education, and to a lesser extent, social assistance. (6-9)

As the composition of government expenditures changed, so did the division of expenditure among levels of government. The functions under provincial jurisdiction have expanded with particular vigour and this has been facilitated by increased fiscal transfers (and tax abatements) by the federal government. (10)

The importance of government may well be increasing more rapidly than the rate of growth of public expenditure alone would suggest. Governments' roles in our society extend far beyond simple consideration of expenditures on various programs of government departments into a variety of regulatory and other roles: the aggregate regulation of economic activity (e.g., fiscal policy), financial activities (e.g., CMHC, Ontario Housing Authority), commercial activities (e.g., CNR, Hydro Quebec), and legislation and regulations to set the institutional framework of society. (12-14)

The increasing relative importance of the government sector is neither new nor uniquely Canadian. (10-12) It is a world-wide phenomenon.

Illustrating this great expansion in government activity is one thing. Explaining it is another. When all is said and done, the explanation lies within a complex decision-making process that reflects political and social, as well as economic and other factors. (14-15)

Chapter 3 -- Decision-Making -- A Review of New Approaches

Considerable work has been done in a number of countries to find new ways of aiding and improving the decision-making process. This chapter discusses some of these new approaches under the headings of: Goals and Priorities; Social Reporting; Futurism; Systems Analysis; and Policy Science.

There have been a number of attempts, especially in the United States over the last 40 years, to establish a more systematic framework of national goals. These attempts have made important contributions to the understanding of the nature of goals, the economics of priorities, and the role of information in the formation of public policy. (17-21)

It has become increasingly apparent that in many areas of interest there is little reliable information on where society was or where it had been, let alone where it was going. (21)

Gross National Product and other broad economic measures have been increasingly attacked in recent years, with a growing suspicion in some quarters that they have been at least indirectly responsible for having

misled society as to the real state of affairs. (21) The national accounts are essentially designed to cover commercial transactions. This sets definite limits on their relevance as a measure of welfare. (22) This is not to suggest, however, that these accounts cannot serve as a useful basis for appraising particular and important aspects of our economic system. (23)

The need for some method of measuring human welfare has led to increased interest in Social Indicators. (23-25) The search for a unique, all-inclusive index of human well-being does not seem very promising. But the compilation of strategic measures of particular aspects of the social scene, such as mortality rates or educational achievements, is a concern of this Review. (24) There have been a number of interesting initiatives in the field of social indicators in other countries, perhaps most notably the United States and France, but there has as yet been no major development of this kind in Canada. (23-26)

If the decision-making process is to reflect contemporary needs, it is important to have a view of the future. (26) Futurism, which has received increasing attention around the world, aids the decision-making process through the elaboration and mapping of possible futures. Some work in the area of futurism has been carried out in Canada, but by comparison with other countries, it has been limited and scattered. (26-28)

Systems Analysis has given an important new dimension to the complex process of decision-making in its stress on looking at the whole system and the interrelationships among its parts, but it does not meet every need. (28-30) The real world of policy-making is far too complex to fit neatly within a systems framework. (30) The field of Policy Science attempts to work within a wider framework than systems analysis, to include key elements in the political decision process. (30-34)

Chapter 4 -- The Evolution of Systematic Analysis in Governments

Much of the recent progress towards systematic decision-making in government has been related closely to the budgetary process. (37) The adoption of Planning, Programming, Budgeting Systems (PPBS) by the federal governments of Canada and the United States illustrate this trend towards being more systematic and explicit about government decisions. (35) PPB is the first budgetary system that has been designed to make planning, and indeed decision-making in the broadest sense, the main focus. (38)

In the United States there has been a gradual transition in the budgetary process from emphasis on control and accountability through to management and planning. Despite shortcomings and difficulties, PPB introduced new dimensions into the decision process of the U.S. government. (38-41)

In Canada too, the progress of budgetary reform has been marked by gradual and continuing transition. (41-45) The appointment of the Glassco Commission in September 1960 eventually led to significant

changes in the budgetary process, with the Commission's most fundamental contribution being the creation of a climate for change. (43) Further progress towards planning procedures has been greatly assisted by the growing use of studies of an increasingly sophisticated nature by the Treasury Board and departments. (45)

Any significant improvement in government decision-making processes in this country demands advances at provincial and municipal levels just as much as at the federal level of government. Progress at these levels has been rather uneven and it is marked -- as indeed it is in the federal government -- by "pockets of sophistication". (45-46)

PPB can be helpful and steps can be taken to make it even more helpful. However, it is still only a set of procedures for getting budgetary decisions made. What is fundamentally important is a particular way of looking at decisions -- the use of systematic analysis. (47)

Here are some of the questions to which systematic analysis has recently been directed (47):

(1) What are the problems and how are they distributed? For example, who are the poor, sick or inadequately educated?

(2) What programs would do the most good? How do the benefits and costs of different kinds of programs compare?

(3) Who would be helped by specific programs and to what extent? Who pays for these programs?

(4) How can particular kinds of social services be produced most effectively?

Analysis does <u>not</u> provide any unique correct answers to these questions. However, it can be helpful in organizing and presenting useful information for improving the decision-makers' perception of problems. (47)

The understanding of social problems and their distribution has been greatly improved in recent years by wider use of sample survey techniques and the great increase in computer facilities. The Council is not calling for an immense proliferation of surveys. With the increase in computer capacity there are now significant opportunities for much more intensive use in policy analysis of information already collected by governments for administrative purposes. (48-49)

Benefit-cost analysis can be used to provide guidance for choices among alternative expenditures. (49) It is most useful when the alternatives being considered: (a) are designed primarily to increase future income rather than intangible benefits like freedom from fear or crime, and (b) relate to a common goal or closely competing objective. (53) But even for broad questions such as deciding on what resources should be allocated to large expenditure areas like health or education, it may provide an appropriate framework for thinking about the problems. (53) A serious limitation of benefit-cost analysis is that it does not help decision-makers with political and distributional questions. (54)

A great deal more attention must be paid to setting out the "distributional" effects of changes in public programs. Which regions, age groups, income groups and so on are affected and by how much? How are the costs of public programs split up among these groups? (55-56)

The great expansion in our health, education and social assistance services has brought home the fact that our problems in these areas cannot be solved simply by spending more money. In fact, there is a growing concern for getting more results for the resources allocated, but at present the analyst cannot tell the decision-maker anything like what he needs to know to do this. (59)

Some promising avenues for exploration would include information that keeps track of groups over an extended period of time (e.g., children in a school system), and systematic experimentation and pilot projects. (59)

Chapter 5 -- A Framework for Government Decision-Making

The compelling need to deal more effectively with the problems of contemporary society is spurring the development of new approaches to government decision-making. This chapter attempts to set out a framework for such decision-making, drawing partly on the discussions in Chapters 3 and 4. (63)

Chart 5-1 (page 65) sets out a simplified systems or flow design of a central part of the decision-making process. The chart, which leaves out a number of important inputs into the process (e.g., flows of information between the federal, provincial and municipal governments), focuses on certain key features (64-66):

-- Decision-making is a process of choosing among alternatives. The chart shows such choices at three levels: policy objectives, policy or strategy, programs or tactics.

-- In order to make appropriate choices it is essential to have the widest possible bases of relevant information and to apply the best possible analytical techniques.

-- The need for a monitoring system for continuing public review of policy objectives. This includes the very important "feedback" mechanism that provides for learning by experience, and for continued reassessment and realignment of objectives, policies and programs.

A good deal of effort in recent years has gone into improvements at the program or tactical level of decision-making. More attention now needs to be devoted to the higher levels as well as to the evolution of a more systematic approach to the whole decision-making process. (64) The chapter contains recommendations for measures (see below under Goal Indicators) that may help to move in these directions.

The Council emphasizes strongly that progress towards improved government decision-making is NOT simply a matter of developing better information and adopting new and more sophisticated techniques. These are only aids for improving judgment. What really matters is the way of considering the choices that have to be made -- a conscious and deliberate weighing of alternative actions on the basis of the broadest possible knowledge and participation. This will require greater openness of government decision-making to promote increasing public understanding and involvement. (64)

Setting Policy Objectives

The process of government decision-making stretches potentially across the whole spectrum of public interest and welfare. Chart 5-2 (page 69) illustrates the breadth of society's political, economic and social concerns in a simple and admittedly arbitrary arrangement of goal areas. The interrelationships among these goal areas, which may be very complex and very powerful, cannot unfortunately be shown in this type of classification. (68, 70) But the categories shown in the chart provide a starting point for organizing the development of measures -- called Goal Indicators -- to serve as links between abstract goals and operational policy objectives.

Abstract goals such as freedom, equity and justice have reflected some of man's most noble and civilized aspriations, but they do not provide operational guidelines for policy formation. (66) What is needed is a systematic way of channeling the energy they generate into guidelines for policy. (67)

It would be unthinkable now to develop national economic policy without reference to such measures as Gross National Product, labour force and unemployment. (70) But the concerns of our society have greatly broadened in recent years and choice of policy objectives, and success in meeting them, requires far more than assessment by governments of electoral preferences. (70) It requires a long-range view -- a perspective that can only be attained by continuous monitoring of changes in our society. What is needed are more and better signposts along the route that society is taking. (70)

"The Council therefore strongly recommends the development of a comprehensive set of statistical measures to monitor the changing conditions of our society over a broad spectrum of concerns." (71)

These measures are titled Goal Indicators and are defined as ... information that can be collected on a time-series basis to measure relevant and significant dimensions of a specified goal area, e.g., health, education. (71)

The Goal Indicators for each goal area should be of two types (71):

Goal Output Indicators -- to give a broad summary view of levels and changes in output.

Goal Distribution Indicators -- to show distribution of the aggregate output indicators among regions, income groups, etc.

For example, the Goal Output Indicators would be concerned with the "outputs" of our health and social system -- infant mortality as opposed to expenditures on prenatal care. (72) Goal Distribution Indicators would concern themselves with "which infants" with respect to mortality. (72) Chart 5-3 (page 74) illustrates some of the possible distributional dimensions for a number of Goal Output Indicators.

At each level of government, a systematic effort should be made to identify the objectives of public policy. The use of Goal Output Indicators and Goal Distribution Indicators offers significant possibilities for sharpening perceptions of society's needs. (76) A monitoring system

that would assist the public and the decision-makers in recognizing the issues and problems would act as an early warning system emphasizing anticipatory action rather than belated and often costly reaction to changes in our society. (76)

The employment of Goal Indicators would not reduce the role of judgment or compromise in choosing policy objectives and priorities. Priorities are set by a political or "negotiating" process. (76)

There are times when the identification of specific objectives may increase the clash of opinions or even paralyse action. But in general, the risks of not bringing knowledge to bear on choice of objectives are, we believe, much greater. (76-77)

Choosing Among Policy Alternatives

Choosing a priority among a variety of goals -- the first, or highest level of decision-making in our simplified system -- supplies the objective for policy. Having settled on the objective, what policy options or what broad guidelines for action are to be used to implement the objective? (78)

Often the choice is between very different strategies or policy options. For example, there are two broad policy alternatives for reducing poverty -- income transfers, and investment in "human" capital accompanied by efforts to open up wider income-earning opportunities for the poor. How does one choose? The decision may depend in whole or in part on a political or value choice. But careful objective analysis can assist judgment in the selection of one or another alternative. (78-79)

Choosing and Evaluating Programs

The third and final level of decision-making is tactical and deals with the operational questions such as what, in fact, is to be done? (80)

This is the point where alternative programs should be designed and evaluated, resource requirements estimated, possible outcomes anticipated and expenditures allocated through the budgetary process. A poverty strategy, for example, becomes operational in the choice among alternative (but closely competing) programs that further the intended objective. This choice can be aided by such techniques as benefit-cost analysis. Equally important, analysis at this level must take account of program interrelationships and "spillover" effects. (80)

Learning from Experience

Our society is constantly changing, partly as a result of decisions by government. In such circumstances, there is no guarantee that the anticipated or designated outcome of particular policies or programs will be attained, no matter how well designed they may be. (81)

What is required is some provision for systematically learning from experience, which will bridge the gap between today and tomorrow. The system shown on Chart 5-1 (page 65) provides for this. Systematic feedback mechanisms in major policy and program areas significantly increase the prospect of attaining policy objectives. Improvements do not have to wait for the advent of new programs. The introduction of evaluation and feedback requirements could greatly improve existing programs. (81-82)

The Distribution of Knowledge and Information

Expertise in developing and analysing information to guide and monitor policy decisions is important, but it would be both misleading and dangerous to leave the impression that all that is required to improve public policy-making is more and better "technocrats". Improved decision-making can also be fostered by meeting the need for wider distribution of knowledge and information among ALL the participants in the decision process. (82)

Training to strengthen the critical and evaluative capacity of individuals and groups who contribute to policy formulation is basic to better decision-making. A variety of participants or actors engage in this process -- politicians, public servants, policy analysts and advisers, the media, the general public including the wide range of interest groups that represent them. To broaden the knowledge of these groups about the process of government decision-making and the content of public policies would be to raise the level of debate about public decisions. The potential for this type of educational activity is large. (82)

Examples of possible avenues include: learning opportunities for politicians to increase their individual effectiveness; assistance to senior government advisers in understanding and using sophisticated policy analysis techniques; development of policy-oriented private and independent research organizations; inclusion in the existing education system of much more "policy content" with greater accessibility to these courses for people outside the formal schooling system; and greater interchange of personnel among government, universities, business enterprises, trade unions, the communications media and other private organizations. (82-84)

The acquisition of more information by the public must be viewed as equally if not more important than the need for improvement in "policy training" for policy advisers and decision-makers. (84)

The impression gained from such things as the development of consumers' groups and environment organizations suggests that involvement by the general public in policy issues is on the increase. Public policy would be improved if all such groups were better able to assess the issues. (84-85)

This approach is handicapped by the fact that by and large the general public does not know, even after the fact, the arguments and evaluations on which public decisions are based. (85) The increased use of White Papers by the federal government has most certainly stimulated a great deal more public discussion on various complex subjects. A well-informed electorate also requires an increasing willingness on the part of the officials and politicians to discuss basic policy issues in the public arena. (85-86)

A wider dissemination of information and knowledge about public policy issues should provide for: discussion of policy objectives and alternate strategies and programs before policy is determined; the rationale for selecting particular objectives and strategies at the time policies are announced, and periodic reports on the progress of operating programs.

Chapter 6 -- Canadian Manpower Policy: Manpower Training

The purpose of this chapter is not to provide specific recommendations concerning manpower policy or programs, but to illustrate the possibilities of analysing government policies and programs within the kind of framework set out in Chapter 5. Looking at policy within such a framework helps to raise pertinent and meaningful questions. (87, 128)

The selection of manpower policy is based on a number of compelling reasons: the Council's stress in the past on the need for improvement in labour market policy; the greatly expanded importance of manpower policy at the federal level over the past five years; and the greater emphasis on systematic evaluation of policy and programs in the Department of Manpower and Immigration, as compared with other federal departments. (87-88)

The Objectives of Manpower Policy

The policy-making process must start with the selection of policy objectives. At this stage, as at every stage of the process, the question of choice arises. The choice among objectives is a political choice, but the analyst can help. (89, 128)

Manpower policy, like many policies of government, may be directed to the achievement of such economic and social objectives as growth, equity and stabilization (89-95):

growth -- concerns long-run economic development

equity -- includes the goals of reducing poverty and regional disparities in the distribution of income

stabilization -- concerns the reduction of unemployment and the rate of price increase.

The three objectives are not independent of each other. Even if a policy is directed towards a single goal, there will be "spillovers" into other goal areas. Further, any given policy will be crucially affected by the operation of other government policies -- perhaps most particularly in this case, monetary and fiscal demand policies. (89-90, 129)

Federal participation in manpower training is currently conducted under the provisions of the Adult Occupational Training Act of 1967. (100) Total expenditures under the Act were about $460 million in the fiscal year 1970-71, and they have amounted to about $1.4 billion since the inception of the program. (103) Canadian operating expenditures on training per labour force member are higher than in the United States. (103) In fact, the program represents a very substantial undertaking -- in international terms, second only to that of Sweden. (104)

What are the particular objectives of Canadian manpower policy? The evidence clearly indicates the primacy of the growth objective. There are elements of an equity and a stabilization orientation as well, but these are obviously secondary. (96-98) This strong emphasis on growth provides a sharp contrast with the manpower policy objectives of other countries, notably the United States, where training programs, for example, are much more heavily oriented to serving disadvantaged groups (i.e., the equity objective). (98-99)

Given the objectives of federal manpower policy, a question of primary concern is the extent to which the objectives have been met. To consider that question, we have examined the largest of the specific programs, the Canada Manpower Training Program. Again, the purpose is not to present a comprehensive survey, but to concentrate on major issues that illustrate elements of the decision-making process: the choice of alternatives; benefit-cost evaluation; learning feedback and information inputs.

Choice of Strategy

Two unique features of the Canadian adult training program are: the large proportion of the training that is preparatory upgrading not directly related to a distinct occupational skill; and the heavy emphasis, both for skill training and preparatory upgrading, on institutional training rather than training-in-industry. (104)

In part, the emphasis in the program on preparatory upgrading not related directly to an occupational skill was in anticipation of the need to "upgrade" workers who faced technological displacement. However, technological displacement appears to have been a less serious problem than rising cyclical unemployment. During periods of high unemployment, there is a danger that the "upgrading" training will be used simply to absorb the unemployed. (108-109)

While the Council believes that equity is rightly one of the goals of Canadian manpower policy, it is questionable that basic training alone is the appropriate way to deal with disadvantaged groups. (109)

In striking contrast to several other countries, less than 5 per cent of total Canadian federal adult occupational training expenditures (excluding apprenticeship) is directed to training-in-industry. In the United States, about 80 per cent of federal training expenditures go to programs involving training and "work experience" in industry. The heavy -- in fact, almost exclusive -- emphasis on institutional training in Canada is difficult to understand. However, the two training methods are not mutually exclusive. What is needed is careful study of the comparative effectiveness of each method of training for different occupations or workers. Unfortunately, the information for such analysis is, at present, not available. (104, 107)

Several of the provinces provide their own training-in-industry programs independent of federal government support and of the federal training program. (107) The Department of Manpower and Immigration is conducting further research into training-in-industry and this, along with experience in provincial programs, will provide a sounder basis for decisions concerning possible expansion of the program. (108)

Evaluation of the Program

Systematic evaluation of the Canada Manpower Training Program (CMTP) is performed by the Department with the aid of a benefit-cost model. (111)

With respect to training under the CMTP in the period January-September 1969, the Department has stated that the benefits derived from the program are in the order of $2 to $3 for each dollar of expenditure.

However, when account is taken of the work experience of trainees, the program does not appear to have resulted in improvement in employment. Average wages of trainees appear to have increased by approximately 12 per cent, though whether this improvement is entirely attributable to training per se is questionable. (112)

Perhaps the most important aspect of evaluation is that it may be used to provide learning feedback. The Department's emphasis on the use of its model for this purpose is commendable. However, apart from the fact that evaluation has perhaps not been operating long enough, it is difficult to reconcile some of our observations -- the heavy preponderance of institutional training or the effectiveness in directing training effort to "shortage" occupations -- with suggestions that continual monitoring of the various components of the program is feeding back into the system. (115-116)

Distributional dimensions -- the analysis also shows that the program makes some contribution to the equity objective: it has made some contribution to reducing poverty among trainees; it has redistributed funds towards the slower-growing regions of the country; and, in addition, it does tend to redistribute funds towards the lower-income groups. (116-118)

While some indicators of the program's performance are available, a number of general indicators, such as the earnings improvement after training, would be a potentially useful source of information. Such indicators should be made available on a regular basis for public review. (110-111)

Federal-Provincial Aspects

Provincial governments are also involved in this field. While jurisdictional divisions of responsibility between levels of government are beyond the terms of reference and competence of the Council, some aspects of the question of achieving effective intergovernmental co-ordination of the CMTP and of federal and provincial manpower policies and programs are discussed here. (119, 125) Examples of CMTP problem areas cited repeatedly by federal and/or provincial representatives are: the lead time required for proper planning; training allowances based on a national average; the so-called "three-year rule" for eligibility; concern that the growth-orientation of the program is not sufficiently responsive to changing economic conditions or local labour market situations. (119-125)

These problems have been recognized and a number of mechanisms for more effective co-ordination and problem-solving are already functioning. (124)

On the matter of co-ordination of federal and provincial manpower policies and programs, it is our impression that there is very little in the way of formal mechanisms for ensuring that provincial programs are integrated with federal manpower training activities in order to maximize effectiveness of training subsidies by both levels of government, although there are exceptions in the case of particular projects. (125-126)

The Role of the Private Sector

Government-financed programs are often criticized for providing, at the taxpayer's expense, training that might otherwise have been provided by the private sector. (126) Private training programs appear to be most prevalent in the finance, insurance and real estate group of industries. The type of training also differs widely among industries. (127)

Present information is not adequate to assess the training that is now taking place in industry. Questions arise, however, as to whether the heavy reliance on institutional training under the CMTP has been appropriate and whether it has been displacing private activity. (128)

Chapter 7 -- Canadian Manpower Policy: Mobility

The geographic mobility of workers, like the training and retraining of adults described in Chapter 6, is an important element in the adjustment of labour markets to the process of change in a growing economy. (135)

This chapter considers:

-- the role of labour mobility in the process of regional economic adjustment and the rationale for government-assisted mobility;

-- government programs directed explicitly at affecting mobility;

-- government programs directed primarily at other objectives but which impinge upon mobility.

Labour Mobility and Economic Adjustment

Labour mobility is desired mainly for its contribution to improvement in the income of employed persons. By affecting a more efficient allocation and utilization of manpower through the matching of labour supply and demand at the regional level, labour mobility may contribute to the growth and stability objectives as well as to improved equity. (137) Its contribution to the equity objective is, however, difficult to predict. (137-138)

The evidence suggests that the search for economic betterment is a primary influence on the decision to migrate. (139-141) Most of the interregional flows are from high-unemployment, low-income regions into high-income, more buoyant areas. Moreover, while movement within all regions is far greater than movement between regions, it is relatively more important still in the richer provinces (where there may be less to be gained by moving to another region than by moving within the province). (140)

On the economic consequences of mobility, the evidence shows that the increase in income was greater for workers who moved interprovincially than for those who moved within a province (except Ontario). (141) Also both types of movers improved their incomes more than those who remained in their original area of residence. The monetary gains from migration appear to be high even for older workers in the lowest income group, although the mobility rate of this group is very low. (143)

There are, however, many barriers that may reduce mobility below economically desirable levels. (143-144) Among the most important are:

The requirement is for a systems framework that seeks out major, and sometimes hidden, consequences of choosing among alternative objectives, policies and programs. (159)

It is important to try to identify the likely "spillovers" between, and among, policy areas. By exposing the effects of, say, some of the major government expenditures or transfer programs on the mobility of labour, the acceptance or rejection of these effects can be made as a result of conscious decision in the light of fuller information. (159)

Other policies with "spillover" effects on manpower mobility include: demand-management (e.g., fiscal and monetary policies), federal government transfer programs, regional development, transportation, housing. (159) The chapter focuses on the first two of these.

The impact of the overall level of economic activity on ... autonomous mobility (i.e., workers not assisted by government) is substantial. The assisted mobility program is unlikely to be effective when ... the far more important implicit mobility effects of demand-management policy are operating in the opposite direction. (160)

An example of a transfer program that may well be mobility-inducing is the Canada Assistance Plan. (161) The Unemployment Insurance program may also affect mobility. (162-164) It is clearly a matter of some importance that the effects of the new unemployment insurance program on mobility be carefully evaluated when data become available for such analysis.

Chapter 8 -- Canadian Job Markets

Improving the efficiency of the job market can result in real benefits both for individuals and the economy as a whole but very little study has been devoted to the working of these markets. This chapter draws on new data to examine the behaviour of four major groups of participants in the job market: employers, employees, and two types of intermediaries, Canada Manpower Centres (CMC's) and private employment agencies. (167)

To a considerable degree, the efficiency of job markets is related to the costs and benefits of obtaining and disseminating labour market information. (168)

Job seekers are interested in two types of information (169):

Extensive -- the fact of a vacancy, the name of the employer, title of the job or nature of the work, and the wage rate.

Intensive -- more specific facts about the job and the employer, as well as subjective judgments on matters such as cleanliness of the work place, the "fairness" of supervision, opportunities for promotion.

The employers seek the same two types of information. (169) Both workers and employers may incur costs in searching for this information. (168, 170) This suggests that labour market behaviour can be analysed in general terms of a benefit-cost approach.

Employee and Employer Search Behaviour

The unique body of data on which this chapter is based throws some light on questions like these (172-173):

-- How do certain characteristics of workers like age, sex and education affect the way in which they search for jobs?

-- How do these same characteristics, as well as such things as the number and type of job search methods used, affect the chances of finding employment?

The answers to these questions may provide information on job market operation that is relevant to public policy issues.

Some of the more important findings about employees searching for jobs are these: informal techniques of job search (e.g., checking with employees, friends and relatives) are important; the only difference between the typical user of CMC's and the average job seeker is that he is less likely to be a professional; despite allegations to the contrary, young people (age 14-19) tend to search for jobs in much the same manner as the average unemployed worker; the more search techniques he uses, the more likely the worker will find a job. (172-181)

Major findings about employers' search for workers include: advertising in newspapers and periodicals is the most frequently used method of recruitment, with CMC's next in importance; search technique appears to vary significantly by occupation; when occupation mix is accounted for, the use of CMC's is generally uniform across industries and regions. (181-186)

Private Employment Agencies

For certain occupational groups, notably professionals and white collar workers, private agencies are an important job market intermediary in Canada. (186) The growth of these agencies in the early 1960's was phenomenal with their heaviest concentration in Ontario and Quebec. (187)

The key characteristic of private employment agencies is specialization in particular occupational classifications. (187) Evidence suggests that they concentrate on those occupations in which excess demand exists in the labour market. This implies that the successful agencies are those which continually move into new areas to exploit shortages of workers in particular occupations and professions. (188)

The real question is this: What do private agencies provide that public agencies do not, or could not, provide? Why would an employer pay a fee to a private agency for filling a vacancy when the CMC's stand ready to perform this function without charge? The most convincing rationale, though it is still tentative, is that they are "employer-oriented" and that because of specialization, they can perform certain functions more efficiently than an employer could perform them himself. (188) The private agencies' degree of specialization may not be possible in public agencies.

Canada Manpower Centres

The CMC's are to a substantial extent "employee-oriented", and it does not appear reasonable to suggest that they should change in this orientation. (188)

An examination of the current functions of the CMC's shows a marked shift in focus from the days of the National Employment Service when the prime function was to provide an employment service. (190)

How is it possible to monitor an institution with so comprehensive a range of interrelated objectives? In fact, no procedures for monitoring the overall effectiveness of the Centres have been developed. This is considered an area worthy of more intensive research. It is also recommended that full and detailed reporting on the operations of the Canada Manpower Centres be provided on a regular basis to make it possible to monitor, in a meaningful fashion, the placement activity of the federal employment service. (190-192)

The Canada Manpower Centres could concentrate to a greater extent on improving the communication of extensive information. (192) One means of disseminating such information is the use of an "open file system" where lists of vacancies and workers available are made freely available to job seekers and employers. Whether this system would be desirable in Canada is an open question. If an open file system were to be seriously considered for Canada, it should first be tried experimentally on a small scale. (193)

Chapter 9 -- The Changing Educational Scene

This chapter continues the Council's work in education within the context of the decision-making framework discussed earlier. (195)

Recent Growth in expenditures on education has heightened public concern over educational objectives, the degree to which these objectives are being achieved, and the nature and extent of the benefits derived from education in relation to the mounting costs. The analysis here will not provide any final answers but it will raise relevant questions about these matters. (196)

The discussion is divided into four sections: the general policy objectives of education (197-200); the necessity for output measures for evaluation purposes (201-205); the calculation of some measures of "economic returns" from education (205-213); some redistributive aspects of post-secondary educational expenditures (213-222).

Policy Objectives

Education can contribute to three fundamental objectives of society -- economic growth, cultural development and equality of opportunity. (197-199) The contributions of education to these three objectives interact, sometimes reinforcing one another, sometimes conflicting. The design of appropriate policies and programs requires an awareness of the relative contributions of education to these three objectives for each stage of an educational system. (199)

Output Measures

The chapter emphasizes the need for better measures to determine the effectiveness and efficiency of the means used to achieve the objectives above. To understand our educational systems, one needs to know the nature and magnitude of the inputs into, and the outputs from, the system, as well as the way the inputs are combined to "produce" educational outputs. (201)

There is also a need for output measures to capture the distributional dimensions. For example, how are the benefits and costs of education distributed among regions, income groups, etc. (201)

There is a need to distinguish between the direct results of the educational process and the effects of factors external to it (e.g., home environment). (202)

No really satisfactory real output measures have yet been developed for education, partly because many of the benefits cannot readily be quantified. (202) In the absence of better measures, various "proxy" measures of educational output have been used. One useful proxy measure is the estimation of the monetary value (rates of return) to the individual or society of increased education. (202, 205-213)

The Council has done some preliminary work on the relationship of certain inputs to two particular proxy outputs of Canadian secondary school systems: the number of students who had passed all their high school years to date (a performance-oriented measure) and the proportion of students who planned to complete high school (an aspirations-oriented measure). (203)

The initial and tentative results indicate that the influence of factors external to the school system (e.g., educational level of fathers, the aspirations of parents) may now be weighing more heavily on performance and aspirations than those factors internal (e.g., the student-teacher ratio, the level of education of the teacher). (204) This could suggest that, in some provinces at least, efforts to improve performance and aspirations should focus on factors external to the formal educational process rather than further considerable build-up of resources in the secondary school systems. (204-205)

Rates of Return from Education

The monetary returns from education can be calculated either from society's or the individual's viewpoint. The former is of interest to those concerned with the formulation of education policies and programs; the latter is more relevant for the choices an individual will make in pursuit of an education. (205, 212)

The calculations presented here should, however, be employed with considerable care and not used to draw hasty conclusions. They are subject to several limitations (206, 211); in particular, they relate strongly to economic growth, but education must serve other objectives as well.

Secondary education appeared as a better investment in 1961 than in 1967, although this should not necessarily be taken to represent a long-term trend. (208) In the Atlantic Region and British Columbia, university education appeared to be a better investment in 1961 than 1967. (211)

With the exception of the Atlantic Region, the rates of return to society from a university degree were higher in all parts of Canada than the rates of return from high school completion in 1967. This suggests that the Atlantic Region may have overemphasized postsecondary education relative to secondary education during the 1960's. (211)

Indications are that private returns to education, particularly higher education, can vary considerably from field to field. (212).

Distributional Effects -- Fiscal Transfers

The costs of postsecondary education are distributed among regions and income groups, mainly through the collection of taxes by governments, on the one hand, and the payment of subsidies for postsecondary education, on the other. This results in net fiscal transfers. (214)

Under the Fiscal Arrangements Act, 1967, the federal government agreed to pay 50 per cent of the operating costs for postsecondary education or to pay a base figure corresponding to $15 per capita to the provinces. (215)

The subsidies totalled over $525 million in academic year 1968/69 and ranged from $2.0 million for Prince Edward Island to nearly $200 million for Ontario. This was mainly the result of large provincial differences in enrolment, but there were also substantial variations in operating costs per student among provinces, and among different types of postsecondary institutions within provinces. (215)

Fiscal transfers are made, on balance, from British Columbia, Ontario, and to a very small extent Manitoba, to all other provinces. However, such fiscal transfers are at least partly offset by return flows of "human capital"; the main flows of migration from the lower-income provinces go to British Columbia and Ontario. (219)

Interprovincial mobility of students -- students going outside their province of residence to study -- also results in fiscal transfers. (219)

There is some indication that there may be greater barriers to universities than to community colleges for students from the lower-income groups. (220)

Fiscal transfers among income groups are essentially progressive -- that is, the lower-income groups generally receive greater amounts in subsidies than they pay in taxes for postsecondary education. However, one might still ask whether such transfers are progressive enough or if they are progressive in all fields of study. (222)

Conclusions

Education must serve the needs of our society and must be prepared to undergo transformation as our society changes. This suggests the need to explore a number of policy alternatives such as (224):

-- condensing the time period for formal education without loss of quality;

-- greater emphasis to mixing periods of work experience and formal education;

-- various financial policy alternatives including the possibility of individuals in some cases paying more for their education, especially in cases in which the returns to the individual markedly exceed the returns to society and in which substantial income transfers may be taking place from those with relatively low incomes today to those with potentially very high incomes in the future.

Chapter 10 -- Conclusions and Recommendations

The major emphasis of this Review has been on the use of a systematic and forward-looking approach to policy-making. In addition, and because

public decisions are everyone's concern and responsibility, the Council has also emphasized the need for a wider dissemination of knowledge and information about these matters to all segments of the public. (226)

An open, responsive and systematic review of public policy is fundamentally important. (227)

No adequate basis exists for assessing the strengths and shortfalls in many important areas of social, economic, and political life such as states of health, degrees of pollution, and levels of education and participation. In order to provoke wider and more pertinent discussions of goals, priorities, objectives, and effectiveness of government policies, the Council recommends (227-228):

That on a national scale, a high priority be given to producing a wide range of Goal Output Indicators and Goal Distribution Indicators as described in Chapter 5. Because of the formidable problems this involves, it is also urged that expert private groups and individuals participate in the difficult conceptual work required.

That provincial and local governments also consider the need for developing output and distributional indicators relevant to their responsibilities. (228)

The above recommendations concern the way in which decisions are made. The second, and more important, set of recommendations concern the decision-makers themselves.

Training in Policy Science

The Council recommends (229):

That universities include more courses on the principles, processes, and structures of government decision-making.

That special courses for policy participants be provided within the educational systems.

These courses should combine theoretical, conceptual and practical elements by drawing on the knowledge and experience of academic, business and public service decision-makers.

Training in Policy Analysis

The Council recommends (230):

The establishment of an independent research institute concerned (at least in part) with the analysis of public policy issues and with providing training courses in the role and relevance of such analysis (as the Review was going to press, the federal government released a special study that had been commissioned to consider the establishment of an institute for research on public policy in Canada, and indicated that it would support the development of such an institution).

Private Policy Research and Analysis

As governments increase their use of sophisticated techniques of decision-making, private interest groups -- those representing the poor, the consumer, minorities, etc. -- must counter in the same language. Leaders of these groups should therefore seek to broaden the basis for exerting influence on public decision by developing knowledge and information about public policy and about the complex realities of policy-making, policy issues, and policy analysis. (230-231)

Because power is associated with an ability to apply knowledge effectively, the focusing of knowledge in a few select units of government has strong centralizing tendencies. To minimize dangers of a centralized and technocratic approach to decision-making, many groups should play an important countervailing role. Informed leadership and response from all sectors of society on matters that concern them is called for. (231)

In particular, the Council recommends (231):

that private interest groups, wherever possible, create or strengthen their analytical capabilities to generate policy alternatives, to evaluate policy options and to comment knowledgeably on government proposals and performance.

Public Access to Policy Information

The Council recommends (232):

That governments regularly publish and make widely available documents discussing current public policy issues and alternatives, and that they also provide increased access to analytical and other relevant background information.

That governments proceed as quickly as is prudently possible to clarify the rights (and limitations) of the public to access to government information, and to ensure that bureaucratic or political constraints do not operate so as to inhibit such access. (233)

The Council's main conclusion in this Review is that improvements can be made in ways of approaching public decisions, in the tools for analysing and evaluating public policies and programs, and in knowledge and information not only about the processes and structures of decision systems but also about the issues of policy.

The Council believes that these improvements could help strengthen the bridge between the needs and aspirations of Canadians, on the one hand, and the results of public policy on the other. (233)

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For release:
November 29, 1971
3:00 p.m. (EST)

1.4 million more jobs will have to be created over the period 1970 to 1975. To accomplish this, the Canadian economy will have to grow at a rate of over 6% in real terms for the next three years. With the prospect of less strength in the balance of payments than was experienced in 1970, the job of getting the economy moving decisively back up towards its "potential" level of output must now rest entirely on domestic demand expansion.

These are the main conclusions drawn by the Economic Council of Canada in a report issued today entitled, *Performance in Perspective, 1971*.

Each year, the Council appraises the performance of the economy in relation to potentials and basic performance goals to which the Council was asked to direct its attention; monitors certain key aspects of the economy's performance -- for example, growth, employment, price and cost changes and balance-of-payments developments; and sets out some of the main dimensions of problems and shortfalls in economic performance. These assessments have usually appeared as chapters in the Council's Annual Reviews, but last year the Council decided to present such an assessment in a special report. Again this year it has decided to publish this assessment of performance in relation to goals as a publication separate from its *Eighth Annual Review*.

The Canadian economy recently has been operating at a level 3 to 4% below its potential. In other words, there was a shortfall of about $3 billion, on an annual basis, from levels of output and income that might have been achieved with reasonably full use of Canada's labour force and other productive resources. With an underlying "potential" growth rate of 5.2%, the economy would need to grow on average by about 7% to close the "gap" in two years, and by close to 6½% on average to close the "gap" in three years. The significance of these figures is that even with a sustained growth rate of over 6% in real GNP, it would likely be the middle of 1974 before the unemployment rate could be expected to be back down to the neighbourhood of 4% of the labour force.

The report singles out job creation as a major challenge for the 1970's.

With unemployment having risen to about 6% of the labour force in 1970, the rate of job creation needed to absorb further labour force growth and to reduce unemployment to about 4% of the labour force would be 3.3% per year. This is a substantially faster rate of growth in employment than Canada was able to achieve in the 1965-70 period when the average rate was 2.8% per year.

Over the period 1970-75, employment will have to grow substantially faster than the labour force. The required rate of job creation must not only absorb the steady increase in the

labour force, but it must be sufficiently high to reduce unemployment to more acceptable levels.

In the 25-to-34 age group where the fastest increase in the labour supply will be occurring, employment growth will need to jump to 5.6% per year in 1970-75 from 3.7% in 1965-70. Among males in this age group, the growth rate in employment will need to more than double. This is the age group in which most families tend to become established, with their large demands for housing and durable goods and associated needs for urban services. Any significant shortfall in meeting the employment needs of this group will produce serious economic and social strains in the 1970's.

The rate of growth in the labour force in the younger age group (14-24) will slow in the 1970-75 period. Because the unemployment rates are currently very high in this group, the growth in employment needed remains extremely high. About 45% of Canada's current unemployment is concentrated in these age groups, although they make up only about one-quarter of the total labour force. The problem of finding adequate job opportunities for the youngest part of the nation's work force remains a particularly troubling feature of the prospective labour market situation.

The report also includes a section on The External Environment including the new U.S. economic measures, Performance in Relation to Goals and Potentials, and Trade and Balance of Payments.

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

For Immediate Release
December 22, 1971

The Economic Council of Canada released today a Staff Study which provides some further insight into the reasons for persistent differences in performance between Canadian and U.S. manufacturing. This comparative study, "Canada-United States Price and Productivity Differences in Manufacturing Industries, 1963", was prepared by E.C. West as background for the Seventh Annual Review and reflects the Council's continued interest in differences in the level of economic performance between the two countries. Data are developed on price, output, input and productivity differences in the two countries for a 30 industry sample within manufacturing for the year 1963, the latest year for which all necessary data were available. This time lag from the current period is no serious disadvantage because productivity differences tend to remain at much the same order of magnitude over longer periods of time.

The Study confirms earlier estimates that net output per employee, after allowing for a price discrepancy, is some one-third lower in Canadian manufacturing.

For total manufacturing, estimates of price discrepancies are 6 per cent higher for factory output, little different for materials and fuel input, with a resulting 18 per cent higher price for net output.

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The wide range of variation in both price and labour productivity differences with the United States by industry was a major finding. Prices of gross output ranged from 20 per cent below to 34 per cent above. Similarly, for labour productivity, the range was extensive, with the sample averaging 28 per cent below the United States (net output per employee).

An attempt was made to consider other inputs so that output is more adequately related to actual resources used. These indicated that efficiency levels for labour and capital in Canadian manufacturing were more than 20 per cent lower than in the United States, and for materials and fuel, some 12 per cent lower.

The Study reinforces the importance frequently attached to specialization and economies of scale. It indicates that about a third of the variation in productivity performance between industries is associated with a scale effect -- industries with a large gross output relative to the United States also displayed a high productivity relative to the United States. On the other hand, no relationship is found between the relative productivity performance and relative gross output per establishment. This suggests that the economies of scale realized with large volume output most likely emanate not from differences in size of establishment but from greater specialization within establishment.

The Study also indicated that Canadian industry with a low level of productivity relative to the United States tends to have a higher proportion of "nonproduction" workers.

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Three-quarters of the wide variation in the price of output leaving the factory in Canada relative to comparable industries in the United States was explained by three factors -- productivity, materials and fuel costs and market power forces.

The Study concludes that: if expansion of output were possible through access to larger markets, a substantial improvement in productivity levels could be expected coming most readily through increased specialization in production within establishments. The improved productivity performance, in turn, could be expected to contribute to a more than proportional decrease in the higher output prices which prevail in Canadian manufacturing. Price reductions would be further facilitated by a more competitive environment, since the measure of market power was also associated with higher price levels. Better productivity and price performance in Canadian manufacturing could be expected to contribute to a reduction in the disparity in per capita real income between Canada and the United States.

For Release:

9:00 A.M., EST
March 21, 1972

SOME ECONOMIC ASPECTS OF PROVINCIAL EDUCATIONAL SYSTEMS

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

The Economic Council of Canada released today a staff study entitled "Some Economic Aspects of Provincial Educational Systems", by Messrs. J. Cousin, J. P. Fortin and C. J. Wenaas.

The study deals primarily with provincial elementary and secondary schools during the period from the 1960-61 school year to the 1968-69 school year. Limited reference is also made to postsecondary education.

Among other results, the Study reports on: the sizeable reduction in interprovincial disparities in education; the tendency for certain measures of educational quality to be positively related to income levels within provinces; the relationship between educational "effort" and educational "need", especially as it relates to the poorer provinces; and the significant improvement in the level of educational attainment of the Canadian labour force.

Reduction In Interprovincial Disparities

The study finds that a significant reduction of interprovincial disparities in education occurred during the 1960's. It also notes, in the same period, "the improvement in all provinces of those factors believed to be associated with educational quality" (p. 139).

In particular, the study indicates that the disparities in operating expenditures per student at elementary and secondary schools were considerably reduced, as public school operating expenditures per student increased more in the low-income provinces than in the high-income provinces.

From 1960 to 1968, for Canada as a whole, public school operating expenditures per student increased from $238 to $526 (p. 108), school capital stock per student increased from $784 to $1,087 (in 1961 constant dollars) (p. 62), teachers' qualifications improved considerably, the student-teacher ratio fell from 26 to 23 (p. 54), and student retention rates to Grade 11 increased by more than 50 per cent (p. 76). An increase in the proportion of nonteachers on the school staff was also noted (p. 37). In addition, the report estimated that the average number of years of schooling of the labour force rose from 9.1 years in 1961 to 9.6 years in 1966 (p. 127).

The report noted that in 1960 the interprovincial differences in several of the factors studied were quite large. School operating expenditures per student ranged from $108 in Newfoundland to $335 in British Columbia. Capital stock per

student ranged from an estimated $548 in Newfoundland to $1,142 in Alberta (in 1961 constant dollars). The percentage of elementary school teachers with two or more years of training beyond the junior matriculation level ranged from 10.3 per cent in Prince Edward Island to 95.7 per cent in Saskatchewan. Student retention rates to Grade 11 ranged from a low of 33 per cent in Quebec to a high of 68 per cent in British Columbia.

By 1968, the interprovincial differences had been considerably reduced in all of these factors, except in school capital stock per student. The range for operating expenditures per student was at that time from $239 in Newfoundland to $587 in Alberta. Capital stock per student ranged from $687 in Newfoundland to $1,634 in Alberta (in 1961 dollars). The percentage of elementary school teachers with two or more years of training beyond the junior matriculation level, ranged from 26.0 per cent in Newfoundland to 96.6 per cent in Saskatchewan and British Columbia. In 1968, student retention rates to Grade 11 ranged from a low of 54 per cent in Newfoundland to a high of 85 per cent in British Columbia.

The above data indicate that the differences between the provinces at the extremes have narrowed over the period of the Sixties. But, it is also worth noting that the average provincial differences have in fact been reduced.

Relationship of Provincial Educational Differences and Provincial Personal Income Levels

The study points out that the provincial differences in certain educational factors appear to be positively correlated with personal income levels by province (p. 134). These include the proportion of nonteacher staff among total school staff; the educational qualifications of school teachers; operating expenditures per student; school capital stock per student and student retention rates. The low-income provinces generally rank lower on these factors than the high-income provinces.

The report also notes some differences that do not appear to be related to provincial income. Such factors include the tenure and experience of school teachers, number of students per classroom, the student-teacher ratio and the median size of classes (p. 134).

Educational "Effort" and "Need"

Despite the substantial educational disparities, the report concludes that the educational "effort" of a low-income region like the Atlantic region was not much below the Canadian average. In fact, in one such province, Prince Edward Island, the educational "effort" was deemed to be considerably above the Canadian average in 1968 (p. 119). Educational "effort" was defined as the percentage of personal income required to meet school board operating expenditures.

The study points out that the provincial differences in certain [illegible] seem to be positively associated with personal income levels by province (p. 124). These include the expenditure of secondary level school [illegible] [illegible] qualifications of school teachers, [illegible] expenditure per student, [illegible] per student, [illegible] per student, [illegible] and labour [illegible] on these factors than the high-income provinces.

The report also notes some differences that do not appear to be related to provincial income. Such factors include the nature and experience of school teachers, number of students per classroom, the student-teacher ratio and the median size of [illegible] (p. 124).

[illegible] "Effort" and "Ability"

Despite the substantial educational differences, the report concludes that the educational "effort" of a low-income region like the Atlantic region was not much below the Canadian average. In fact, in two such provinces, Prince Edward Island, the educational "effort" was deemed to be considerably above the Canadian average in 1956 (p. 127). Educational "effort" was defined as the percentage of personal income required to meet school board operating expenditures.

The educational "need", however, in the Atlantic region was considerably above the Canadian average (p. 117). Educational "need" was defined as "a weighted ratio of the total number of school-age children (5-19) in a province to the number of adults in the 20-64 age group" (p. 117).

To fully meet their greater educational "need", the Atlantic provinces require an "effort" considerably above that of Canada as a whole.

Education Relatively Capital-Intensive

The staff study notes that, contrary to general impressions, "the utilization of capital in the education industry is relatively high -- higher than manufacturing and only slightly below the average for the whole economy. Gross capital stock in constant 1961 dollars was estimated at about $18,000 per employed person for education, compared with about $17,000 for manufacturing, $20,000 for agriculture, and $21,000 for the economy as a whole (excluding housing)" (p. 8).

Accelerating Improvement in Average Educational Standing

A major effect of the sharp increase in student retention rates during the 1960's has been an acceleration in the rate of improvement in average educational attainment for the labour force in Canada. As noted above, the average number of years of schooling increased from 9.1 years to 9.6 years in the 1961-66 period, an increase of one-half year. Since the previous

"the educational level". However, in the Atlantic Region [illegible] [illegible] "[illegible]" and defined as a [illegible] number of schooling children (5-19) in a province to the number of adults in the 20-64 age group" (p. 117).

To fully meet their greater educational "need", the Atlantic provinces require an "effort" considerably above that of Canada as a whole.

[illegible]

The study notes that, currency to program [illegible], "the availability of capital in the educational [illegible] is relatively high -- higher than manufacturing and only slightly below the average for the whole economy. Gross capital stock in constant '61 dollars was estimated at about $18,000 per employee person for education, compared with about $27,000 for manufacturing, $20,000 for agriculture, and $22,000 for the economy as a whole (including housing)" (p. 8).

[illegible] "[illegible] in Average Wage [illegible]

Despite effect of the heavy increase in enrolment education rates during the 1960's has been an acceleration in the rate of improvement in average educational attainment for the labour force in Canada. As noted above, the average number of years of schooling increased from 8.1 years to 8.6 years in the 1961-66 period, an increase of one-half year. Since the previous

half-year improvement in this measure required the entire ten-year period, 1951-1961, the reported increase suggests a doubling of the rate of change (p. 127).

British Columbia and Ontario had the highest labour force schooling levels throughout the period. Quebec had registered scarcely any change from 1951 to 1961, and had fallen behind the Atlantic region. Though a substantial gain was shown from 1961 to 1966, the attainment level for the province remained somewhat lower than that of the Atlantic region.

Significance of Interprovincial Differences

The report points out that in spite of the inter-provincial differences in elementary and secondary school systems, "the effectiveness or efficiency of provincial educational systems cannot be evaluated in any definitive way" (p. 133). The report itself sets forth a number of "operational principles" which appear to be generally accepted (pp. 23-25). Nevertheless, it urges the development of "more uniform appraisal techniques of the effects of educational systems on the students and on society as a whole" (p. 141).

Pour publication à 9 heures
du matin (HNE) le 21 mars 1972

CERTAINS ASPECTS ÉCONOMIQUES DES SYSTÈMES PROVINCIAUX D'ENSEIGNEMENT

CONSEIL ÉCONOMIQUE DU CANADA

COMMUNIQUÉ

Le Conseil économique du Canada a rendu publique aujourd'hui une étude intitulée "Certains aspects économiques des systèmes provinciaux d'enseignement", préparée par trois membres de son personnel de recherche, MM. J. Cousin, J. P. Fortin et C. J. Wenaas.

L'étude traite en substance de l'évolution des systèmes provinciaux d'enseignement élémentaire et secondaire, à compter de l'année scolaire 1960-1961 jusqu'à celle de 1968-1969. On y fait également de brèves allusions à l'enseignement postsecondaire.

Entre autres conclusions, l'étude souligne la nette réduction des disparités entre les provinces en matière d'enseignement, la tendance que présentent certaines mesures de la qualité de l'enseignement à être reliées positivement aux niveaux de revenu dans les provinces, le rapport entre le "financement" et les "besoins" dans le domaine de l'enseignement, particulièrement en ce qui concerne les provinces les plus pauvres, et l'amélioration sensible du niveau d'instruction de la population active au Canada.

Réduction des disparités interprovinciales

On indique, dans cette étude, qu'il s'est produit une diminution importante des disparités interprovinciales dans l'enseignement, au cours des années 1960. Ses auteurs notent également, pour la

même période, "l'amélioration dans toutes les provinces des facteurs qui semblent avoir un rapport avec la qualité de l'éducation" (p. 122).

En particulier, on souligne que les disparités dans les frais de fonctionnement par élève aux niveaux élémentaire et secondaire, ont été réduites de façon sensible, ces frais ayant augmenté davantage dans les provinces à faible revenu que dans les provinces plus riches.

De 1960 à 1968, pour l'ensemble du Canada, les frais de fonctionnement par élève, dans les écoles publiques, ont augmenté de $238 à $526 (p. 95); le stock de capital scolaire par étudiant est passé de $784 à $1,087 (en dollars constants de 1961) (p. 56); les qualifications pédagogiques des enseignants se sont sensiblement améliorées; le rapport enseignant-élèves a fléchi de 26 à 23 (p. 50), et les taux de persévérance jusqu'à la 11e année ont augmenté de plus de 50 p. 100 (p. 68). On a également noté une hausse du pourcentage des non-enseignants au sein du personnel (p. 32). De plus, l'étude a établi que la scolarité moyenne de la main-d'oeuvre s'est élevée de 9.1 années en 1961 à 9.6 années en 1966 (p. 111).

On souligne qu'il existait, en 1960, d'importantes disparités entre les provinces pour ce qui est de plusieurs des facteurs analysés. Les frais de fonctionnement des écoles, par élève, s'échelonnaient de $108 à Terre-Neuve, à $335 en Colombie-Britannique. Les estimations du stock de capital, par étudiant, font état de variations qui allaient de $548 pour Terre-Neuve à $1,142 pour l'Alberta (en dollars constants de 1961). La proportion d'instituteurs du niveau élémentaire, possédant deux années ou plus de formation au-delà du diplôme de fin d'études secondaires, variait de 10.3 p. 100 dans l'Île du Prince-Édouard à

95.7 p. 100 en Saskatchewan. Quant au taux de persévérance des élèves jusqu'à la 11e année, c'est au Québec qu'il était le plus faible, soit 33 p. 100, et en Colombie-Britannique qu'il était le plus élevé, soit 68 p. 100.

Dès 1968, les différences interprovinciales avaient été considérablement réduites pour tous ces facteurs, sauf pour le stock de capital. L'échelle des frais de fonctionnement par élève se situait alors entre $239 à Terre-Neuve, et $587 en Alberta. La valeur du stock de capital par étudiant s'échelonnait de $687 à Terre-Neuve à $1,634 en Alberta (en dollars de 1961). La proportion d'instituteurs du niveau élémentaire, ayant deux années ou plus de formation au-delà du diplôme de fin d'études secondaires, variait entre 26 p. 100 à Terre-Neuve et 96.6 p. 100 en Saskatchewan et en Colombie-Britannique. En 1968, les taux de persévérance scolaire jusqu'à la 11e année se situaient entre 54 p. 100 à Terre-Neuve et 85 p. 100 en Colombie-Britannique.

Les données ci-dessus indiquent que les limites extrêmes des écarts entre les provinces se sont rapprochées au cours des années 1960. Il importe de faire remarquer que les différences interprovinciales moyennes ont aussi diminué.

Rapport entre les différences provinciales dans le domaine de l'éducation et le revenu personnel dans les diverses provinces

L'étude souligne que les disparités interprovinciales quant à certains facteurs dans les systèmes d'enseignement semblent avoir un rapport très net avec le revenu personnel dans les différentes provinces (p. 117). Ces facteurs comprennent: la proportion des non-enseignants par rapport au personnel total des écoles, les qualifications des

44,7 p. 100 en saskatchewanais. Dans la mesure où ils pourchassent les filles jusqu'à la 11e année, c'est au cycle où il étudie le plus faible, soit 57 p. 100, et où tolérance-élargissage qu'il étudie le plus élevé, soit 54 p. 100.

Les [illegible] Les différences [illegible] considérablement réduites pour bien des [illegible], sauf pour la stock de capital. L'échelle des frais de fonctionnement par élève se situait alors entre $229 à Terre-Neuve, et $187 en Alberta. La valeur du stock de capital par étudiant s'échelonnait de $[illegible] à Terre-Neuve à $[illegible] en Alberta (en dollars de 1957). La proportion d'instituteurs du niveau élémentaire, ayant deux années ou plus de formation au delà du niveau de fin d'études secondaires, variait entre le p. 100 à Terre-Neuve et le 6 p. 100 en Saskatchewan et en Colombie-Britannique. En 1960, les taux de persévérance scolaire jusqu'à la 12e année se situaient entre 34 p. 100 à Terre-Neuve et 55 p. 100 en Colombie-Britannique.

Les données ci-dessus indiquent que les limites [illegible] des écarts entre les provinces se sont rapprochées au cours des années 1960. Il semble de plus évident que les différences [illegible] étaient moyennes [illegible] étaient [illegible].

[illegible] Les différences [illegible] en 1960.

[illegible]

L'étude montre que les [illegible] intervenantes [illegible] [illegible] comme les problèmes d'une manière semblable avait un rapport très net avec le revenu personnel dans les différentes provinces (p. 117). Ces facteurs comprennent: la proportion des non-[illegible] par rapport au personnel total des écoles, les qualifications des

enseignants, les frais de fonctionnement par élève, le stock de capital par élève et les taux de persévérance scolaire. En général, les provinces à faible revenu occupent un rang plus bas dans l'échelle, quant à ces facteurs, que les provinces à revenu élevé.

L'étude fait aussi état de certaines différences qui ne semblent pas avoir de relation avec le revenu provincial, notamment la stabilité et l'expérience des enseignants, le nombre d'élèves par classe, le rapport enseignant-élèves et la dimension médiane des classes (p. 117-118).

"Financement" et "besoins" de l'enseignement

Malgré les disparités considérables dans le domaine de l'éducation, les auteurs concluent que l'effort financier pour l'enseignement, consenti par une région à faible revenu comme celle de l'Atlantique, n'était guère inférieur à la moyenne nationale. Dans une province comme l'Île du Prince-Édouard, on a constaté en fait que celui-ci était même très supérieur à la moyenne nationale en 1968 (p. 105). L'effort de "financement" est mesuré par le pourcentage du revenu personnel nécessaire pour faire face aux frais de fonctionnement des commissions scolaires.

D'autre part, les "besoins" d'enseignement dans la région de l'Atlantique étaient bien supérieurs à la moyenne nationale (p. 103). Ces "besoins" sont définis comme étant "le coefficient pondéré du nombre total d'enfants et d'adolescents d'âge scolaire (5-19) dans une province, par rapport au nombre d'adultes du groupe d'âge de 20 à 64 ans" (p. 100-103).

Pour satisfaire pleinement à leurs "besoins" plus grands en matière d'enseignement, les provinces de l'Atlantique devraient consentir un effort nettement supérieur à celui de l'ensemble du Canada.

Utilisation relativement intensive du capital dans l'enseignement

L'étude révèle que, contrairement à l'impression générale, "l'utilisation du capital dans l'industrie de l'enseignement est relativement intensive plus que dans le secteur de la fabrication et à peine au-dessous de la moyenne établie pour l'économie dans son ensemble. On a estimé le stock brut de capital, en dollars constants de 1961, à environ $18,000 par personne employée dans le secteur de l'enseignement, comparativement à $17,000 environ dans le secteur de la fabrication, $20,000 dans celui de l'agriculture et $21,000 dans l'économie en général (à l'exclusion du logement)" (p. 7).

Accroissement accéléré du niveau moyen d'instruction

Un des principaux effets de l'augmentation prononcée des taux de persévérance scolaire, au cours des années 1960, a été d'accélérer l'accroissement du niveau moyen d'instruction de la main-d'oeuvre au Canada. Comme nous l'avons mentionné auparavant, le nombre moyen d'années de scolarité est passé de 9.1 à 9.6 entre 1961 et 1966, soit une augmentation d'une demi-année. Étant donné que l'accroissement précédent d'une demi-année a été réalisé en une période de dix ans, soit de 1951 à 1961, l'augmentation constatée indique que le taux d'accroissement a doublé (p. 111).

Pendant toute la période en cause, c'est en Colombie-Britannique et en Ontario que le niveau d'instruction de la main-d'oeuvre à été le plus élevé. De 1951 à 1961, il n'a guère varié au Québec, qui,

à cet égard, venait après la région de l'Atlantique. Malgré de grands progrès de 1961 à 1966, le niveau d'instruction est demeuré un peu plus faible au Québec que dans la région de l'Atlantique.

Importance des différences interprovinciales

L'étude souligne qu'en dépit des différences interprovinciales dans les systèmes scolaires aux niveaux élémentaire et secondaire, "leur efficacité ou leur bon fonctionnement au niveau provincial ne peut être estimé d'une manière précise" (p. 117). Les auteurs énoncent un certain nombre de "principes de fonctionnement" qui semblent être généralement reconnus (p. 20-21). Ils recommandent néanmoins l'élaboration de "techniques d'estimation plus uniformes pour déterminer les effets des systèmes d'éducation sur les élèves et sur l'ensemble de la société" (p. 124).

For release:

9:00 A.M., EST
April 6, 1972

NEW APPROACHES TO PUBLIC DECISION-MAKING

ECONOMIC COUNCIL OF CANADA

PRESS RELEASE

In recent years the processes of decision-making in governments throughout the world have undergone numerous changes in an effort to bring about much needed modernization and improvement. A Special Study released today by the Economic Council of Canada sets out a clear, concise discussion of many of the developments in this area.

"New Approaches to Public Decision-Making" was prepared for the Council by Dr. Alice M. Rivlin, now a senior fellow in economics at the Brookings Institution in Washington. Mrs. Rivlin is highly qualified to comment on the advancement of more systematic decision-making, as she played a major role in implementing the planning, programming and budgeting system of the U.S. Department of Health, Education and Welfare.

This Study provided background information for the Council's Eighth Annual Review, "Design for Decision-Making". It now supplements the Review by providing further useful insight into many of the developments noted therein.

Heightened interest in these topics reflects public concern for effective input into the decisions being made. The Study points out that, even in this era of increasing affluence, we must recognize the fact that public decisions involve choices

among alternative uses of scarce resources. "Moreover, the vastly increased complexity of government and society as a whole makes it necessary to review public decisions carefully. With so many programs, agencies, and levels of government now in the picture, the potentialities for unintended effects of public programs and conflicts among them are very great if no attempt is made to be systematic about decisions."

The author points out several possible results of current planning and allocation procedures. For example, "small budgetary decisions in one year may lead to large future costs that eat up resources which would otherwise be available for alternative uses, even though those who made the decision did not know that this consequence would follow." This feature, and other undesirable characteristics of government decision processes, may be avoided through a more systematic approach.

One of the essential elements of the new approach is the explicit determination of goals. "The premise", notes Mrs. Rivlin, "is simply common sense -- it is easier to make a decision when one knows what one wants to do." Other basic elements that are a necessary part of the new approach, are the careful weighing of all consequences and alternatives and a periodic review of the information being generated to ensure that it provides the public officials with usable specification and quantification of the alternatives.

The Study also reviews some of the specific tools necessary for the more sophisticated approaches, but does so in a manner which will make them clear to those without extensive

technical background in the field. Using numerous examples from past experiences with the techniques, as well as realistic indications of their potential use, the Study examines Benefit-Cost Analysis, Cost-Effectiveness Analysis and Simulation of Program Effects.

Finally, the Study takes a brief, but important, look at the question of improving the data for public decision-making. The success of any new systematic approach depends heavily on having the right kind of data for policy analysis. The author feels that three sources of data, in particular, hold promise for better input into social decisions: "sample surveys -- still photographs of society at intervals; longitudinal data or panel studies -- moving pictures following individuals through time; and social experiments -- systematic attempts to alter the services rendered to individuals or the incentives facing them and to record and analyse their behaviour."

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

For release:
9:00 a.m. EST
May 30, 1972

SEARCH BEHAVIOUR IN CANADIAN JOB MARKETS

The generation and dissemination of labour market information is an important component of manpower policy. To date, our understanding of the search behaviour of workers and employers -- a crucial requirement for effective labour market information programs -- has been relatively slight. However, a study released today by the Economic Council of Canada entitled, "Search Behaviour in Canadian Job Markets" should contribute substantially to the knowledge in this area.

This Special Study prepared for the Council by Professor Dennis Maki of Simon Fraser University, is an analysis of new data concerning the processes by which workers seek jobs and employers attempt to fill vacancies in the Canadian labour market. It constitutes a more detailed theoretical and empirical supplement to the work on manpower policy undertaken for the Council's Eighth Annual Review.

The significance of research in this area stems from the fact that improved job market efficiency confers real benefits

on individuals and on the economy as a whole: workers may experience shorter periods of unemployment; employers may experience reduced costs, which may in turn lead to lower prices. The quantity and quality of information concerning job openings and job applicants, its accuracy, completeness, and availability to workers and employers, respectively, is of fundamental importance to the efficient functioning of job markets.

Empirical Evidence on Worker Search Behaviour

Professor Maki analyses data obtained from a questionnaire which was attached to the January 1969 Labour Force Survey conducted by the Dominion Bureau of Statistics. The questionnaire was completed by persons unemployed for a total of five weeks or more during 1968. They provided information on their search behaviour and their success in finding employment.

Using an econometric model, the study examines the probability of finding a job in terms of how the worker searches, and how hard he searches. Also, the effects of certain personal characteristics are noted.

"How the worker searches" is explained in terms of a number of different methods of search which the worker may employ, such as Canada Manpower Centres, private employment agencies, answering newspaper advertisements, etc. The characteristics variables include age, sex, education, marital status, occupation, industry, and region.

The results show that the probability of finding a job increases by about 5 per cent, on average, for each additional search method used. Higher education levels appear to be associated with a higher probability of becoming employed, and persons over 45 years of age are less likely to obtain employment than are younger persons.

As regards methods of search, persons who used the search method of contacting local employers to enquire about job opportunities had greater success than those using any other method. Consulting friends and relatives was the next most successful method -- more successful, in fact, than Canada Manpower Centres or private agencies.

Empirical Evidence on Employer Search Behaviour

The search methods studied are advertising, the use of Canada Manpower Centres, and the use of private agencies, respectively. The data employed are drawn from the Canadian Job Vacancy Survey.

Results suggest that employers' use of Canada Manpower Centres varies among occupations. Bench work openings, for example, tend to be listed by this method, while professional, technical, and managerial occupations do not.

Employers appear more likely to list openings for professional, technical, managerial, and clerical and sales occupations with private agencies. Such agencies are more heavily utilized in Quebec and Ontario than in other regions of Canada.

Advertising is utilized heavily by finance, education, and health and welfare services, while public and private intermediaries are used most heavily by the manufacturing industry.

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For your information, some theoretical aspects of the Study as well as proposals for further research are summarized below.

Theoretical Aspects of Workers' Search Behaviour

The underlying proposition of the theory of worker search behaviour is that what is in fact sought is information about terms and conditions of work. The pursuit of further information may yield benefits in the form of a job, or, possibly, of a better job prospect than the worker has discovered to date. But the search process also involves costs: time and money are required to "ferret out" job market information. The process may thus be thought of as an optimization problem in which the individual must weigh the additional expected benefits of further job market search against the additional costs.

The characteristics of job seekers will influence the search methods they employ. For example, informal sources of information are generally regarded as important, but workers who have been unemployed for long periods elicit little information in this way. They are more likely to have similarly unemployed persons amongst their circle of friends and acquaintances, and may therefore have to rely more heavily on formal intermediaries such as employment agencies, government manpower centres, etc.

The characteristics of the market in which they are undertaking their search may also influence workers' behaviour. When the labour market is tight and job vacancies are relatively plentiful, workers may not have to resort to using costly employment agencies. In slack markets, by contrast, the reverse would be true.

Professor Maki clearly sets out the role played by the workers' aspirations, and their perception of possible job opportunities, in their search process. Thus one theoretical proposition is that the worker who embarks on a process of search may initially set his sights rather high to protect himself from the risk of selling himself short by accepting the first job offer he receives. As he gains more knowledge about the distribution of job opportunities in the market place, however, his aspiration level is lowered.

A major implication of such reasoning is that greater availability of information may decrease the average length of frictional unemployment. Lower search costs, alone, would tend to <u>increase</u> the time spent in looking for a job. But under the declining aspirations approach the effect of more and better information is to reduce the time the workers spend operating under unrealistically high aspiration levels. The magnitudes of such effects are as yet unknown, but an approach to their measurement is suggested in Professor Maki's forthcoming Special Study No. 21.

Theoretical Aspects of Employer Search Behaviour

Many of the propositions concerning worker search behaviour also have their counterpart on the employer side of the job market: What is really being sought is information about the availability of workers, and the acquisition of such information entails both benefits and costs.

The employer seeks workers to replace those who quit and to expand his work force. He searches until the expected return from further search will just outweigh the additional costs involved. However, this process of optimization is complicated by the fact that the employer may pursue courses of action other than simply increasing search activity. He may, for example, raise wages so that search costs are reduced because workers seek out the employer. A third strategy open to the employer is to fill skilled vacancies by training and promoting workers within the organization. Search activity in this case is oriented to unskilled workers, who are generally more easily obtained than persons having particular skills.

Recommendations for Further Research

Professor Maki's first major recommendation is that the worker search survey of January 1969 should be rerun. Unemployment was generally low in 1968, and since search behaviour may differ with the state of the market, a year characterized by relatively high unemployment would provide an appropriate comparison.

Secondly, analysis of some additional tables from the Job Vacancy Survey should be undertaken. Specifically, a tabulation of activity counts (roughly, vacancies which employers are actively trying to fill) classified by search method, occupation, industry, and region, and aggregated over a full year, is suggested.

A further recommendation is to utilize information on the rates of pay offered by employers to new workers. This would provide information on a further dimension of the process by which employers try to fill vacancies.

Further theoretical developments envisaged by Professor Maki centre around the need to construct a theory of the "information market", as opposed to a theory of search. Information is a commodity which has a cost and which yields benefits. Its treatment in this manner underlies the "search theory" approach followed by the author. The complication, however, is that information should not, properly, be treated as one of a set of goods which confer utility. Its outstanding characteristic is that it has the power to change tastes and preferences for commodities, and, accordingly, a separate theory is required to deal with it.

The present study will hopefully stimulate further work in Canada and should, itself, prove a major contribution to our understanding of an important but relatively underresearched area.

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

For release:
August 30, 1972
9:00 a.m. (EST)

VOCATIONAL OBJECTIVES IN CANADIAN EDUCATION: AN HISTORICAL OVERVIEW

by Robert M. Stamp

Vocational aims and objectives in Canadian education are not solely a by-product of post-1945 industrial development. Professor Stamp's examination of reports of ministries of education, legislative debates, newspaper comment, and pamphlet and periodical literature shows that the arguments for increased vocational objectives go back almost a century -- to the time when the Industrial Revolution began to upset the traditional pattern of apprenticeship training in North America. The argument over the relative merits of education and vocational preparation has been going on ever since.

The most vociferous campaigners for a greater vocational orientation in Canadian schools have been industry and labour leaders, not educators.

The greatest governmental stimulus to an increased vocational orientation in Canadian education has come from the federal level -- despite the fact that the British North America Act assigned control of education to the provinces. Ottawa's

with one or two children, employed full-time (about 60 per cent are teachers), with an income of about $7,500.

As yet, no satisfactory projection technique has been developed for forecasting enrolment in continuing education, although recent research on trends in the 1960s may provide a sound base. For example, from 1962 to 1969, part-time enrolment in university undergraduate programs grew by 160 per cent, compared with 92 per cent for full-time enrolment.

However, apart from the additional grants to universities for part-time programs provided by some provinces, no public financial assistance is at present available either in grants or loans.

Two factors that warrant consideration in developing forecasts are the increasing emphasis on continuing education in the professions, and the greater number of women who want to continue their education.

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ALLOCATION OF RESOURCES IN CANADIAN EDUCATION

by David A. A. Stager

This paper explores two aspects of resource allocation: the history of education financing and benefit/cost analysis of education programs. Education expenditures, measured both as a share both of Gross National Product and total government expenditures, doubled during the 1960s, but real costs per student increased by only about 30 per cent. If forgone earnings are counted in, university students have borne just over 50 per cent of the total costs of their education in the last two decades.

The results of several benefit/cost studies of Canadian education generally show social rates of return to university undergraduate programs of 11 to 12 per cent and private returns of 14 to 15 per cent. Graduate study shows somewhat lower returns.

This type of quantification makes benefit/cost analysis, despite its shortcomings, a useful tool for public and private decision-making in educational planning. However, multiple-

objective models should be developed to account for the non-monetary factors that currently cannot be included in the benefit/cost framework.

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ECONOMICS OF CONTINUING EDUCATION IN THE UNIVERSITIES

by David A. A. Stager

Demand for continuing education is increasing dramatically, and in this paper Professor Stager stresses that priority should be given to the planning and financing of part-time facilities.

The main reason is that people in their mid-twenties, traditionally the most active participants in continuing education, form a much larger group than in the past because of the postwar baby boom.

Moreover, they have a much higher level of education than any similar group before them, and as a consequence are more inclined to continue their education after they start working. The private and social rates of return to part-time study are higher than for full-time study -- about 17 per cent compared with 15 per cent, and 15 per cent compared with 12 per cent, respectively.

A survey of part-time students in Ontario universities showed the typical student to be about 30 years old, married and

direct involvement in the promotion of vocational education began with the Technical Education Act of 1919 and reached a climax with the Technical and Vocational Training Assistance Act of 1960.

The consequent availability of trained manpower was a contributing factor in the economic expansion of the sixties.

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CONSUMPTION BENEFITS FROM EDUCATION

by Walter Hettich

Education tends to make people more competent consumers, says Professor Hettich. His research indicates that the more educated people are, the more they tend to engage in extensive search activity when buying goods and services. Although such private benefits have not yet been explored by economists, the author estimates that they may raise the usually accepted rate of return to higher education from approximately 12 per cent to as much as 14 per cent.

While consumption benefits from education as discussed in this article are private in nature, accruing to the individual person or household, more efficient decision-making by consumers may also have social consequences. For example, the amount of information consumers have may influence business policies, particularly in oligopolistic markets. Further, recent work suggests a link between consumer decision rules and market structure, and thus it is conceivable that more informed decision-making may lead to more competitive markets, thus reducing the welfare loss from monopoly.

Most benefit-cost studies distinguish between social and private benefits, and authors of such studies generally acknowledge their failure to quantify benefits that accrue to society rather than to the educated person. However, while the distinction between social and private benefits is important, the discussion in existing studies often gives the reader the mistaken impression that all private benefits of consequence have been quantified.

But the private benefits of education must no longer be considered merely in terms of impact on earnings. Economists should acknowledge that other areas of human activity demand skills that are affected and formed by the education experience.

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EMPIRICAL ANALYSIS OF THE DEMAND FOR EDUCATION IN CANADA

by Professors M. L. Handa and M. L. Skolnik

The recent decline in university enrolment across Canada has come as a great surprise to most postsecondary educational planners. Obviously, researchers do not have a satisfactory understanding of the factors that influence student decisions to enrol in postsecondary institutions. Yet an understanding of these factors is vital, not only for accurate forecasting, but also for efficient educational, manpower, and fiscal planning.

This analysis of research done to date on educational demand summarizes what little is known about the demand for postsecondary education in Canada and the United States. Some specific issues are explored in detail, such as the effect upon enrolment of raising fees, the likelihood that high levels of unemployment will drive young people into universities, and the impact that dissemination of information on earnings in various occupations will have on career choice. In addition, the authors discuss the reasons for the limited progress in empirical analysis and suggest guidelines for future research.

More specifically, they attempt to indicate how empirical analysis of the demand for education can be integrated more closely with the theory of student behaviour. And, to illustrate how empirical models might take government policy more into account, they use a demand model to explore the implications of various arrangements for the financing of university education in Ontario.

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EDUCATIONAL PLANNING MODELS AND THE RELATIONSHIP BETWEEN EDUCATION AND OCCUPATION

by David Sewell

Dr. Sewell investigates two basic techniques for forecasting demands for schooling -- the calculation of manpower "requirements" of jobs, and the estimation of monetary returns to different types of education in the job market. His results suggest that neither method is an appropriate guide for educational planning.

The search for the educational "requirements" of jobs is found to be a futile exercise. Workers with wide differences in educational background appear capable of performing equally effectively in many occupations. The level of educational attainment within occupations often appears to be determined by the available supply of educated labour.

There is no reason to believe that there should be rigid educational "requirements" for many jobs, since experience and on-the-job training may be good substitutes for education in the formation of many skills. If education, in fact, functions in many cases as merely a "screening device", the implications

for society are profound. Such a use leads, among other things, to overinvestment in education and a redistribution of income from the less-educated to the more-educated, because lack of education serves as an artificial "barrier to entry" into the higher-paying jobs. And consequently, persons with less education are prevented from participating in occupations where their productivity would be maximized.

The paper also questions the use of economic returns to education to indicate which fields in the schooling system should be expanded. The assumption underlying this method of educational planning is that the higher earnings of the more educated reflect their greater productivity. However, it appears that the higher earnings of the well-educated are attributable more to the fact that they are able to work in higher-paying occupations than to the fact that they earn more for doing the same jobs as less highly educated workers.

The author concludes that a fundamental re-examination of social expenditures on education is urgently needed, and proposes that some of the necessary funds for this task be diverted from the sort of educational planning exercises which were prevalent in the sixties.

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THE PH.D. DILEMMA IN CANADA: A CASE STUDY

by Max von Zur-Muehlen

In this study, Dr. Max von Zur-Muehlen investigates the potential imbalance between the supply of, and demand for, Ph.D.s in Canada and predicts severe underutilization of such highly qualified manpower in years to come. The study explores the causes and suggests remedies for the potential surplus.

Employment opportunities for teaching positions are projected by a model that simulates Ph.D. supply and demand. Based on three different university enrolment projections, the model takes into account a variety of other assumptions, such as student/faculty ratio and age of university teachers. From its results, it appears that more than two-thirds (or approximately 7,000) of the forthcoming Canadian Ph.D. graduates will have difficulty obtaining employment in their traditional occupation over the next five years.

In the early postwar years, graduate education remained undeveloped in Canada, and universities often granted as many honorary doctorates as academic Ph.D.s.

During the sixties, doctoral enrolment increased considerably (over 25 per cent annually in many years), resulting in over 1,600 Ph.D. graduates in 1970-71 compared with only 300 in 1960-61.

The expansion has been uneven and varies substantially according to discipline. For example, there are over 150 different doctoral degree programs in engineering and the applied sciences, while relatively few are offered in urban and regional studies, social work, and criminology. Of the 851 recognized doctoral programs in 1971, 200 consisted of only five students or fewer.

The universities expanded their programs in graduate education in good faith, justifying the extraordinary expansion by Canadas obvious need for more highly qualified manpower, and the increasing predominance of faculty either born or educated outside Canada.

Between 1962 and 1971, over 14,000 immigrants entered Canada, stating their intended occupation as "university teaching". Over the same period, the proportion of these immigrants from the United States increased from 39 to 57 per cent.

In 1970-71, 61 per cent of the 25,000 Canadian university teachers were Canadian citizens, but only 56 per cent of the new faculty hired for 1970-71 were Canadians. These proportions are not likely to change much in the near future. Last year, 50 per cent (or 5,000 students) of the full-time doctoral enrolment consisted of foreign citizens.

The surplus Ph.D.s who will be forthcoming during the nextfive years will have to seek alternative employment opportunities in competition with an estimated 4,000 graduates whose first career choice will be industry or government.

Achieving an appropriate matching of supply of and demand for highly qualified manpower is a difficult undertaking. The gestation period for a doctoral degree is about five years, and only three years ago hardly anyone could foresee the possibility of a Ph.D. surplus. Overreaction to manpower shortages in the highly qualified category in the sixties has led to the situation that is developing now. A similar overreaction to the surplus today would be naive and impractical and would only continue the cycle in years to come. In the present period of transition, it is necessary to manipulate both supply and demand. To this end the improving health of the economy will provide greater employment opportunities for highly qualified manpower.

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QUELQUES ASPECTS DU FINANCEMENT DE L'ENSEIGNEMENT SUPÉRIEUR AU QUÉBEC

par Michael Oliver

Dans cette étude, l'auteur traite des problèmes financiers auxquels doivent faire face les universités du Québec, et il analyse les conséquences qui peuvent en découler pour la planification future de l'enseignement supérieur dans cette province.

Il fonde sa recherche sur le principe qu'un système de financement optimal doit fournir des fonds appropriés et équitablement répartis dans des différentes institutions, de telle façon que la société aussi bien que tout le système d'éducation lui-même en retirent le maximum d'avantages. Dans ce contexte, il analyse la situation qui prévaut au Québec et il souligne en particulier l'évolution au cours de la décennie 1960-1970 qui s'est caractérisée par une réforme intense des structures de l'éducation.

M. Oliver conclut qu'en dépit du fait que le Québec est allé plus loin que toutes les autres provinces dans la

définition d'un nouveau rôle du gouvernement dans le domaine de l'éducation, le régime actuel de répartition des crédits ne reflète pas encore très clairement la présence active de principes d'équité dans la prise de décisions.

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CANADIAN HIGHER EDUCATION IN THE SEVENTIES

Higher education is now more than ever a subject of heated debate because its costs are increasing while its measurable benefits may be declining.

Government decision-makers are in the process of reassessing the direction of higher education and its implications for the individual and for society as a whole.

In the 1960s, the focal point of discussion was its relation to economic growth. The consensus was that an abundant supply of highly educated manpower was a prerequisite to satisfactory rates of the country's growth, and this contributed to a substantial increase in postsecondary enrolment and expenditure.

However, a good deal of analysis needed to be done to identify and quantify the linkages between educational activity and the process of economic growth. This task has been a major concern of the Economic Council of Canada for the last 10 years.

More recently, however, the Council has sought to broaden its analytical framework by examining education in

relation to other fundamental goals of our society, such as cultural development and social equity.

Further, it has been the Council's view that a better understanding of the process of government decision-making is essential if social scientists are to make a meaningful contribution to resolving problems of resource allocation, especially as it concerns higher education.

Late last year, the Economic Council organized a conference with the aim of encouraging dialogue between decision-makers in government and the research community. The list of those in attendance at the conference included economists, sociologists, political scientists, educators, federal and provincial representatives, and members of various commissions and organizations concerned with educational programs and policy.

Canadian Higher Education in the Seventies consists of nine articles originally prepared as papers for the conference. These articles have been revised and edited by the former director of the Economic Council, Dr. Sylvia Ostry, now Chief Statistician of Canada.

It is hoped that, in spite of the eclectic nature of these papers, readers will benefit from the newly generated information, as well as from the analysis and insight of the authors, and that this volume will serve as a stimulus for public discussion.

The following paragraphs provide more specific information about each article and its highlights.

(The French edition of Canadian Higher Education in the Seventies to follow.)

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LE DILEMME DES DOCTORATS AU CANADA

par Max von Zur-Muehlen

Dans cette étude, M. Max von Zur-Muehlen examine la possibilité d'un déséquilibre entre l'offre et la demande de détenteurs de doctorats au Canada, et il prédit une forte sous-utilisation de cette main-d'oeuvre hautement qualifiée au cours des prochaines années. L'étude analyse les causes de ce phénomène et propose des moyens d'éviter l'excédent prévisible.

A l'aide d'un modèle qui simule l'offre et la demande de doctorats, l'auteur établit des prévisions sur les chances d'emploi dans le professorat. Fondés sur trois différentes séries de projections des inscriptions dans les universités, les calculs élaborés dans le modèle tiennent compte de diverses autres hypothèses sur les rapports numériques entre professeurs et étudiants et l'âge des professeurs d'université. Suivant les résultats obtenus, il semble que plus des deux tiers (ou 7,000 environ) des futurs "docteurs" des cinq prochaines années au Canada auront de la difficulté à se trouver un emploi dans le domaine qui leur est propre.

Durant les premières années de l'après-guerre, les programmes d'études du troisième cycle étaient peu répandus au Canada et les universités décernaient souvent autant de doctorats honorifiques qu'académiques.

Au cours des années 60, les inscriptions au niveau du doctorat ont augmenté considérablement (plus de 25 % par an pendant plusieurs années), de sorte que plus de 1,600 doctorats étaient décernés en 1970-1971, comparativement à seulement 300 en 1960-1961.

L'expansion s'est faite de façon inégale et varie considérablement selon les disciplines. Ainsi, il existe plus de 150 programmes de doctorat différents en génie et en sciences appliquées, tandis qu'il y en a relativement peu dans les études urbaines et régionales, le service social et la criminologie. Sur les 851 programmes de doctorat reconnus en 1971, 200 groupaient seulement cinq étudiants ou moins.

C'est de bonne foi que les universités ont développé leurs programmes d'études du troisième cycle, justifiant cette expansion extraordinaire par le besoin évident, au Canada, d'un plus grand nombre de travailleurs hautement qualifiés, et par la présence de plus en plus marquée de professeurs nés ou instruits à l'étranger.

Entre 1962 et 1971, plus de 14,000 immigrants sont arrivés au Canada déclarant que la profession qu'ils se proposaient d'exercer était "l'enseignement universitaire". Au cours de cette période, la proportion de ces immigrants venant des États-Unis est passée de 39 à 57 %.

En 1970-1971, 61 % des 25,000 professeurs dans nos universités étaient citoyens canadiens, mais seulement 56 % de ceux qui ont été embauchés cette année-là étaient Canadiens. On peut s'attendre à ce que ces proportions restent à peu près les mêmes au cours des prochaines années. L'an dernier, 50 % des étudiants inscrits à plein temps aux études de doctorat (environ 5,000 individus) étaient des citoyens étrangers.

Les détenteurs de doctorats qui deviendront en surnombre au cours des cinq prochaines années devront chercher de l'emploi dans un autre domaine que le leur et seront en concurrence avec environ 4,000 diplômés dont le premier choix de carrière se portera sur l'industrie ou le gouvernement.

Il est difficile de réaliser un bon équilibre entre la demande et l'offre de main-d'oeuvre qualifiée. La période de gestation dans le cas d'un doctorat est d'environ cinq ans et, il y a trois ans à peine, personne ne pouvait prévoir l'éventualité d'un excédent. Une trop grande réaction contre la pénurie de main-d'oeuvre hautement qualifiée, au cours des années 60, a provoqué la situation actuelle. Réagir de même face à l'excédent d'aujourd'hui serait naïf et peu pratique et ne ferait que prolonger le cycle dans les années à venir. Au cours de la période actuelle de transition, il est nécessaire de manipuler à la fois l'offre et la demande. A cette fin, une économie de plus en plus saine assurera des possibilités d'emploi plus nombreuses à la main-d'oeuvre hautement qualifiée.

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ANALYSE PRÉLIMINAIRE DES DIFFÉRENCES SALARIALES, DE L'ACCRÉDITATION PROFESSIONNELLE ET DU RENDEMENT DES INVESTISSEMENTS DANS L'INSTRUCTION

par David A. Dodge

La plupart des estimations actuelles du rendement économique des investissements dans l'instruction sont trop élevées, d'après l'auteur, parce qu'on ne s'est pas suffisamment soucié des véritables effets de la profession sur les revenus. Bon nombre des avantages économiques attribués seulement au facteur instruction sont en fait attribuables aux différences dans les revenus attachés aux diverses professions.

Le rendement des investissements dans l'instruction, pour ceux qui conservent le même emploi, n'est que la moitié de ce qu'il est pour ceux qui changent d'emploi. Comme le relèvement du niveau d'instruction de la main-d'oeuvre depuis 1940 s'est produit, dans une proportion de 60 %, à l'intérieur des catégories professionnelles, il faut réduire d'environ 30 % l'estimation habituelle du rendement.

Les différences de revenu s'expliquent principalement du fait que les associations professionnelles ou les syndicats finissent, dans certains cas, par s'assurer un contrôle exclusif

sur l'accès aux professions ou aux métiers. Afin de justifier les restrictions imposées, les associations professionnelles allèguent que "pour relever les normes de la profession", un niveau plus élevé d'instruction scolaire est exigé des nouveaux venus. Selon ce raisonnement, comme ces derniers doivent faire les frais d'une scolarité plus poussée, moins nombreux sont ceux qui désirent y accéder. Il s'ensuit une pénurie de praticiens et les salaires tendent alors à augmenter jusqu'à ce que le rendement de l'investissement dans l'instruction soit suffisamment élevé pour inciter les candidats éventuels à s'instruire davantage. C'est pourquoi le niveau élevé de scolarité de ceux qui occupent des emplois bien rémunérés est une conséquence et non pas une cause des salaires élevés.

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AVANTAGES DE L'INSTRUCTION EN MATIÈRE DE CONSOMMATION

par Walter Hettich

Le professeur Hettich déclare que l'instruction forme aussi des consommateurs plus avertis. Son analyse démontre que plus les gens sont instruits, plus ils sont enclins à mieux s'informer et à effectuer des recherches plus poussées lorsqu'ils achètent des biens ou des services. Même si les économistes n'ont pas encore quantifié les avantages privés de l'instruction, l'auteur estime qu'ils peuvent faire passer d'environ 12 à 14 % le taux de rendement estimatif de l'enseignement supérieur.

Si, comme l'indique l'article de M. Hettich, les avantages de l'instruction sur le plan de la consommation sont essentiellement de nature privée, tant pour les individus que pour les ménages, des décisions optimales de la part des consommateurs ne sont pas sans présenter également des conséquences sociales. Ainsi, la somme de renseignements dont disposent les consommateurs peut influencer les politiques commerciales, particulièrement la situation de marché d'oligopole. En outre, des travaux récents indiquent qu'il pourrait

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LES OBJECTIFS DE LA FORMATION PROFESSIONNELLE AU CANADA - APERÇU HISTORIQUE

par Robert M. Stamp

Les buts et objectifs de la formation professionnelle au Canada ne sont pas uniquement un sous-produit du développement industriel depuis 1945. L'examen que le professeur Stamp a fait des rapports de certains ministères de l'éducation, de comptes rendus de débats législatifs, d'articles de journaux, de brochures et de périodiques, montre que les arguments favorables à l'élargissement des objectifs de formation professionnelle remontent à près d'un siècle, précisément au temps où la Révolution industrielle a commencé à modifier les formes traditionnelles d'apprentissage en Amérique du Nord. Depuis, le débat se poursuit sur les mérites respectifs de l'instruction et de la formation professionnelle.

Ceux qui ont réclamé avec le plus d'ardeur l'instauration de programmes améliorés d'orientation professionnelle dans les écoles au Canada furent non pas les éducateurs, mais les chefs d'entreprise et les chefs syndicaux.

Le plus puissant appui gouvernemental en faveur d'une orientation professionnelle accrue est venu des autorités fédérales, bien que, d'après l'Acte de l'Amérique du Nord britannique, l'éducation soit de ressort provincial. L'engagement direct d'Ottawa dans la promotion de l'enseignement professionnel a commencé avec la Loi d'enseignement technique de 1919, et a atteint un sommet avec la Loi sur l'assistance à la formation technique et professionnelle, de 1960.

Aussi l'apport d'une main-d'oeuvre qualifiée a-t-il grandement contribué à l'essor économique de la décennie 1960.

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RÉPARTITION DES RESSOURCES DANS L'ENSEIGNEMENT AU CANADA

par David A. A. Stager

Cette étude examine deux aspects de la répartition des ressources: l'histoire du financement de l'éducation et l'analyse coûts-bénéfices des programmes d'enseignement. Les dépenses consacrées à l'éducation, mesurées à la fois en pourcentage du produit national brut et des dépenses publiques totales, ont doublé au cours des années 60, mais les coûts réels par étudiant ont augmenté de seulement 30 % environ. Si l'on tient compte des revenus sacrifiés, les étudiants universitaires ont eu à payer tout juste un peu plus de 50 % du coût total de leur instruction au cours des deux dernières décennies.

Les résultats de plusieurs analyses coûts-bénéfices de l'éducation au Canada indiquent en général, dans le cas des études de baccalauréat, des taux de rendement social de 11 à 12 % et des taux de rendement privé de 14 à 15 %. Les rendements sont un peu plus faibles dans le cas des études universitaires supérieures.

Ce genre de mesure fait de l'analyse coûts-bénéfices, malgré ses faiblesses, un outil utile pour la prise des décisions publiques et privées en matière de planification de l'éducation. Toutefois, il faudrait mettre au point des modèles à objectifs multiples pour tenir compte des facteurs non monétaires qu'il est impossible actuellement d'inclure dans l'analyse.

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MODÈLES DE PLANIFICATION DE L'ENSEIGNEMENT ET RAPPORTS ENTRE L'INSTRUCTION ET LA PROFESSION

par David Sewell

M. Sewell étudie deux techniques fondamentales de prévision des demandes d'instruction: le calcul des besoins en main-d'oeuvre rattachés aux divers emplois, et l'estimation de la rentabilité de différents genres d'instruction sur le marché du travail. Les résultats obtenus laissent croire qu'aucune de ces méthodes ne constitue un guide approprié pour la planification de l'éducation.

Chercher à déterminer quelles sont les "exigences" des emplois en matière d'instruction est un travail futile. Des travailleurs de niveaux d'instruction fort différents semblent capables de remplir aussi efficacement un grand nombre d'emplois. La scolarité exigée pour les divers emplois souvent semble être déterminée par l'effectif de main-d'oeuvre instruite disponible.

Dans le cas de nombreux emplois, il n'y a pas lieu de croire que des "exigences" rigides quant à l'instruction sont nécessaires; l'expérience et la formation sur le tas

peuvent souvent se substituer à l'instruction, dans l'apprentissage de nombreuses spécialisations. Si, de fait, l'instruction ne constitue, dans plusieurs cas, qu'un simple moyen de "sélection", les répercussions qui en découlent pour la société sont profondes. Un tel usage conduit, entre autres choses, à un trop grand investissement dans l'instruction et entraîne une redistribution des revenus des personnes moins instruites aux plus instruites, car le manque d'instruction sert de "barrière artificielle" empêchant d'accéder aux postes mieux rémunérés. Ainsi, les personnes qui ont moins d'instruction ne peuvent travailler là où leur productivité serait maximale.

En outre, l'auteur doute qu'on puisse utiliser nos connaissances du rendement économique de l'instruction pour déterminer quels secteurs du régime d'enseignement devraient être développés. Cette méthode de planification repose sur l'hypothèse que les revenus plus élevés des personnes instruites reflètent leur plus grande productivité. Il semble, toutefois, que ces meilleurs revenus soient attribuables plutôt à la possibilité qu'on ces personnes d'occuper des postes qui commandent des salaires plus élevés, qu'au fait qu'ils gagnent plus en faisant le même travail que des personnes moins instruites.

L'auteur conclut qu'une nouvelle étude fondamentale des dépenses sociales dans le domaine de l'enseignement s'impose de toute urgence, et il propose qu'une part des fonds nécessaires à cette tâche provienne des crédits qui, au cours des années 1960, étaient affectés aux tentatives de planification que l'on faisait alors en matière d'éducation.

Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

Publication:
le 30 août 1972
9 h 00 a.m.

ASPECTS ÉCONOMIQUES DE L'ÉDUCATION PERMANENTE DANS LES UNIVERSITÉS

par David A. A. Stager

Conscient que la demande d'éducation permanente augmente de façon inquiétante, le professeur Stager souligne, dans le texte qui suit, qu'il faudrait accorder la priorité à la planification et au financement d'équipements utilisés à temps partiel.

Il allègue surtout que les gens au milieu de la vingtaine, qui ont toujours été les plus actifs participants à l'éducation permanente, sont beaucoup plus nombreux aujourd'hui que dans le passé, à cause de l'explosion des naissances d'après la guerre.

En outre, leur niveau d'instruction est beaucoup plus élevé que celui de tout groupe semblable avant eux, et c'est pourquoi ils sont plus portés à continuer de s'instruire après avoir commencé à travailler. Les taux de rendement privé et social sont plus élevés dans le cas des études à temps partiel que dans celui des études à plein temps, soit environ 17 %, comparativement à 15 %, et 15 % par rapport à 12 % respectivement.

Une enquête sur les inscrits à temps partiel dans les universités de l'Ontario a dévoilé que l'étudiant typique a environ 30 ans, qu'il est marié et père d'un ou deux enfants, qu'il est employé à plein temps (environ 60 % sont des enseignants) et que son revenu est d'environ $7,500.

Aucune technique satisfaisante de projection n'a encore été mise au point pour prévoir les inscriptions au titre de l'éducation permanente, bien que les recherches récentes sur les tendances qui se sont manifestées au cours des années 60 puissent fournir une solide base d'estimation. Par exemple, de 1962 à 1969, le nombre des étudiants à temps partiel au niveau du baccalauréat a augmenté de 160 %, par rapport à 92 % chez les étudiants à plein temps.

Cependant, si l'on excepte les subventions supplémentaires accordées aux universités par certaines provinces pour les programmes d'études à temps partiel, aucune aide publique n'est disponible soit sous forme de subventions ou de prêts.

Dans l'élaboration de prévisions, deux facteurs méritent qu'on s'y arrête; ce sont l'insistance de plus en plus grande sur l'éducation permanente dans les diverses professions, et le plus grand nombre de femmes qui veulent continuer de s'instruire.

Economic Council of Canada

Conseil économique du Canada

ews release/communiqué

Publication:
le 30 août 1972
9 h 00 a.m.

L'ENSEIGNEMENT SUPÉRIEUR AU CANADA AU COURS DES ANNÉES 1970

L'enseignement supérieur fait plus que jamais l'objet de débats animés, car les coûts augmentent alors que les avantages mesurables diminuent peut-être.

Les pouvoirs publics réévaluent présentement l'orientation de l'enseignement supérieur, ainsi que ses effets sur l'individu et sur la société dans son ensemble.

Au cours des années 60, le thème central de discussion concernait les rapports entre l'enseignement supérieur et la croissance économique. Une offre abondante de main-d'oeuvre instruite était unanimement considérée comme un pré-requis pour l'obtention de taux de croissance satisfaisants, ce qui provoqua une augmentation considérable des inscriptions et des investissements dans l'enseignement postsecondaire.

Il fallait cependant pousser l'analyse plus loin pour identifier et quantifier les liens entre l'éducation et la croissance économique, tâche à laquelle le Conseil économique du Canada se consacre depuis dix ans.

Dernièrement, le Conseil a toutefois cherché à étendre son champ d'analyse en étudiant le domaine de l'éducation en rapport avec d'autres objectifs fondamentaux de notre société, comme le développement culturel et la justice sociale.

Le Conseil était d'avis qu'une meilleure compréhension du processus des décisions publiques s'impose pour que les sociologues puissent contribuer utilement à résoudre les problèmes de répartition des ressources, particulièrement en ce qui touche l'enseignement supérieur.

Vers la fin de l'année dernière, le Conseil économique a organisé un colloque en vue de stimuler le dialogue entre les responsables des décisions au sein des gouvernements et de l'enseignement supérieur. Ont participé à cette rencontre des économistes, des sociologues, des politologues, des éducateurs, des représentants des gouvernements fédéral et provinciaux, ainsi que des membres de diverses commissions et organismes s'intéressant aux programmes et politiques dans le domaine de l'éducation.

Le rapport intitulé L'enseignement supérieur au Canada au cours des années 1970 se compose de neuf articles rédigés à l'origine comme documents en vue du colloque. Ces articles ont été révisés par Mme Sylvia Ostry, ancien directeur du Conseil économique, et maintenant Statisticienne en chef du Canada.

Il est à espérer que, en dépit du caractère éclectique de ces documents, les lecteurs feront leur profit de ces nouveaux

renseignements, ainsi que du travail d'analyse et des aperçus offerts par les auteurs. Souhaitons que cet ouvrage stimule les discussions publiques sur le sujet.

Les paragraphes qui suivent décrivent plus en détail chaque article et ses points saillants.

(La traduction française paraîtra sous peu.)

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Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

For release:
August 30, 1972
9:00 a.m. (EST)

FINANCING HIGHER EDUCATION IN QUEBEC: SOME QUESTIONS

by Michael Oliver

Dr. Oliver's paper highlights the important financial issues facing universities in Quebec and discusses implications for future planning of higher education in that province.

The author bases his investigation on the premise that a good financing scheme must provide adequate funds, equitably distributed among institutions, and that it must produce maximum benefits for society as well as for the education system itself. In this context, he describes the situation in Quebec, with particular emphasis on the decade of the sixties, a period of intense educational reform.

Despite the fact that Quebec has gone further than any other province in defining a new role for government in education, Dr. Oliver concludes that the distribution system that is evolving does not yet clearly allocate funds according to equitable guiding principles.

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Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

Publication:
le 30 août 1972
9 h 00 a.m.

ANALYSE EMPIRIQUE DE LA DEMANDE D'INSTRUCTION AU CANADA

par M. L. Handa et M. L. Skolnik

La plupart des planificateurs dans l'enseignement postsecondaire ont été très étonnés de la baisse récente des inscriptions dans les universités canadiennes. De toute évidence, les chercheurs n'ont pas saisi tous les facteurs qui influencent les étudiants lorsque vient le temps de s'inscrire dans une institution postsecondaire. Pourtant, la compréhension de ces facteurs est d'importance capitale, non seulement pour faire des prévisions précises, mais aussi pour pouvoir assurer une planification efficace dans les domaines de l'éducation, de la main-d'oeuvre et de la fiscalité.

Cette analyse des recherches effectuées jusqu'à ce jour en la matière, résume le peu que l'on connaît au sujet de la demande d'instruction postsecondaire au Canada et aux États-Unis. Les auteurs examinent en détail certaines questions précises, par exemple, l'effet d'une hausse des frais de scolarité sur le nombre d'inscriptions, la probabilité que des taux de chômage élevés inciteront les jeunes à se diriger vers les universités, ainsi que l'influence qu'exerce sur le

choix d'une carrière la connaissance des taux de rémunération dans les divers emplois ou professions. De plus, les auteurs se penchent sur les progrès limités accomplis dans l'analyse empirique et proposent certaines orientations en vue de recherches futures.

Plus précisément, ils essaient d'indiquer comment intégrer plus étroitement l'analyse empirique de la demande d'instruction et la théorie du comportement des étudiants. De plus, afin d'illustrer comment les modèles empiriques peuvent tenir compte des décisions publiques, ils emploient un modèle de la demande pour examiner les implications de divers arrangements relatifs au financement de l'enseignement universitaire en Ontario.

Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communique

For release:
August 30, 1972
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OCCUPATIONAL WAGE DIFFERENTIALS, OCCUPATIONAL LICENSING, AND RETURNS TO INVESTMENT IN EDUCATION: AN EXPLORATORY ANALYSIS

by David A. Dodge

Most current estimates of the economic returns to investment in education are too high, says the author, because of inadequate attention to the true effect of occupation on earnings. Many of the returns that have been attributed solely to education are in fact due to differences in earnings among occupations.

Returns to investment in education for those who remain in the same occupation are only half as high as returns that include shifts between occupations. Therefore, since 60 per cent of the educational upgrading of the labour force since 1940 has occurred within occupational categories, the usual estimates of returns should be reduced by about 30 per cent.

The main reason for earnings differentials is that professional associations or unions gain monopoly control over entry to specific professions and trades. To justify restrictions on entry, they argue that "to improve the standards of

the profession" higher levels of formal education are required for new entrants. The argument runs that, because new entrants must bear the cost of a lengthier period of education, fewer desire entry. As a consequence, a shortage of practitioners develops, and earnings tend to rise until the return to investment in education is sufficiently high to induce potential entrants to invest in more education. Hence, high average levels of education in occupations where earnings are high is a consequence, not a cause, of the high earnings.

Economic Council of Canada

Conseil économique du Canada

news release/communique

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Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

Publication immédiate
le 9 novembre 1972

Le Conseil économique du Canada vient de publier dans son Neuvième Exposé annuel, intitulé Les années 70, une nouvelle série d'indicateurs de performance économique à moyen terme, qui sont à la fois des objectifs intérimaires, pour les secteurs public et privé, et des critères permettant d'évaluer les progrès accomplis.

Le Conseil souligne qu'il faut considérer ces objectifs dans leur ensemble et non séparément, et que l'on ne saurait obtenir de bons résultats globaux en visant certains objectifs et en négligeant les autres. Le Conseil définit ainsi ces objectifs pour la période 1973-1975 :

-- Chômage : 4.5 % en 1975, en comparaison d'une moyenne annuelle de 5.2 % au cours des années 60;

-- Prix : augmentation annuelle moyenne de 3 % de l'indice de prix du PNB, comparativement à un taux annuel moyen de 3.2 % au cours de la dernière décennie;

-- Croissance : accroissement du produit national brut de 6 % par année, compte non tenu des hausses de prix, par rapport à une augmentation moyenne de 5.4 % au cours des années 60;

-- Productivité : progression de la production par personne employée de 2.8 % en moyenne par année, comparativement à 2.3 % au cours de la décennie 1960-1970;

-- Revenu disponible réel par habitant (salaire net) : augmentation moyenne de 4.7 %, de 1973 à 1975, par rapport à 3.5 % au cours des années 60;

-- Investissements en biens d'équipement : accroissement de 10 % par année au cours de la période de prévision, compte non tenu des hausses de prix, soit une hausse par rapport au taux annuel moyen d'augmentation de 6.8 % durant les années 60;

-- Construction de logements : augmentation annuelle moyenne de 5.5 % au cours de la période 1973-1975, alors que le taux de croissance des investissements dans ce secteur, au cours des années 60, n'était que de 4.3 % par année;

-- Dépenses de consommation : augmentation moyenne de 5.5 % par année, compte non tenu de l'inflation, comparativement à une hausse moyenne de 4.9 % par année, de 1960 à 1970;

-- Dépenses publiques en biens et services : augmentation moyenne de 5 % par année de 1973 à 1975, soit une légère baisse par rapport au taux de 5.1 % par année au cours de la décennie 1960-1970;

-- Commerce extérieur de biens et services : augmentation de 6 % par année des exportations entre 1973 et 1975 (9.8 % en moyenne de 1960 à 1970) et de 6.5 % par année pour les importations (8.5 % au cours des années 60).

Le Conseil souligne que des événements imprévus pourraient empêcher la réalisation de certains de ces objectifs. Il ajoute :

"Néanmoins, nous sommes persuadés qu'un tel cadre de référence sera utile à la prise de décision, quelles que soient les circonstances."

Le Conseil annonce qu'il publiera chaque année un nouvel ensemble d'objectifs de performance économique pour les trois années suivantes. Il propose qu'entre-temps les indicateurs de performance soient employés comme "véritables objectifs d'action" et comme critères pour une analyse systématique de la performance de l'économie canadienne. Le Conseil recommande deux méthodes particulières d'analyse :

1. Chaque année, une des conférences fédérales-provinciales des premiers ministres ou des ministres des finances devraient être consacrée à l'examen des indicateurs et de leurs implications pour les deux paliers de gouvernement.
2. Une conférence économique nationale devrait avoir lieu chaque année, réunissant des représentants des secteurs public et privé, afin d'examiner les perspectives économiques à moyen terme du Canada dans le cadre des indicateurs de performance.

Il ajoute que ces conférences devraient être organisées par "les instances les plus appropriées", et indique qu'il collaborera avec les autres organisations intéressées en vue de créer le "cadre institutionnel" le plus propice à la tenue de telles rencontres et, qu'en fait, il pourrait entreprendre lui-même l'organisation de ces conférences.

Tout en proposant des "indicateurs" différents des "objectifs" précédemment publiés -- comme un taux de chômage de 3 % et des hausses de prix de 2 % par année en moyenne -- le Conseil souligne qu'il ne s'agit pas de remplacer les uns par les autres.

Selon lui, les objectifs initiaux "avaient été établis comme des objectifs ambitieux mais réalisables, devant servir d'orientation à long terme. Leur réalisation était et reste encore éminemment souhaitable."

D'autre part, les indicateurs recommandés devraient "fournir une approche qui nous mène éventuellement à la réalisation des objectifs à long terme sans créer de fluctuations excessives d'ici là".

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

Publication immédiate
le 9 novembre 1972

Le Conseil économique du Canada a publié aujourd'hui sa plus récente analyse des tendances prévues de l'économie canadienne. Le Conseil prévoit une forte croissance d'ici 1980 et s'est dit d'avis que dans les conditions actuelles, les gouvernements fédéral, provinciaux et municipaux devraient pouvoir maintenir ou même réduire les taux actuels d'imposition, tout en disposant des recettes accrues pour financer les programmes existants et même en introduire de nouveaux.

À l'aide d'un nouveau modèle économétrique permettant de calculer en détail diverses perspectives de l'avenir économique du Canada, le Conseil, dans son Neuvième Exposé annuel, esquisse les possibilités suivantes tenues pour les hypothèses les plus plausibles au cours de la période 1970-1980 : forte croissance dans les autres grands pays industriels, maintien des taux actuels d'imposition et léger ralentissement de l'accroissement démographique.

D'un niveau de 84.5 milliards de dollars en 1970, le volume de la production globale au Canada augmenterait à un taux annuel moyen de 5.6 % et, compte tenu des augmentations de prix s'établissant en moyenne à un peu moins de 3 % par année, le produit national brut s'élèverait à près de 190 milliards de dollars en 1980.

Même si l'effectif de la main-d'oeuvre continuera à s'accroître rapidement -- d'environ 2.8 % par année de 1970 à 1980 comparativement à 2.9 % de 1960 à 1970 --, la croissance économique se traduira par une augmentation encore plus rapide des emplois, de sorte que le chômage pourrait fléchir à environ 4 % vers la fin de la décennie.

L'accroissement de l'emploi, associé à une légère augmentation de la productivité, produirait une hausse plus rapide du revenu disponible réel, c'est-à-dire le salaire net corrigé pour éliminer les effets de l'inflation. Le revenu par habitant augmenterait au cours des années 70 à un taux annuel moyen de 4.1 %, comparativement à 3.5 % pendant les années 60. Les dépenses à la consommation passeraient de $1,800 par habitant en 1970 à plus de $2,600 en 1980, abstraction faite des hausses de prix.

Les éléments nécessaires à une forte croissance des recettes publiques seraient alors réunis. En raison de la progressivité de l'impôt sur le revenu -- les revenus accrus étant assujettis à des échelles d'imposition plus élevées -- les recettes fiscales provenant de l'impôt sur le revenu des particuliers grimperaient de 11.5 milliards de dollars en 1970 à près de 31 milliards en 1980, sans aucune modification des taux actuels d'imposition. En outre, de plus fortes dépenses de consommation, majorées par l'augmentation des prix, signifieraient que les taux actuels des impôts indirects -- taxes de vente et d'accise, impôts fonciers et droits d'importation -- feraient passer ces revenus de 12 milliards de dollars à près de 26 milliards au cours de la décennie. Quant à l'impôt sur le revenu des sociétés, il ferait plus que doubler, passant de 2.9 milliards en 1970 à 7.9 milliards en 1980.

En ajoutant les autres sources de recettes publiques, notamment les impôts retenus et le revenu de placement, les "rentrées" totales des trois paliers de gouvernement, qui sont passées de 10.2 milliards de dollars en 1960 à 30.1 milliards en 1970, feraient plus que doubler encore pour atteindre près de 77 milliards en 1980. À ce niveau, les gouvernements au Canada absorberaient près de 40 % du PNB, comparativement à 27 % en 1960 et 36 % environ à l'heure actuelle.

Entre autres choses, le Conseil souligne que cette situation pourrait se révéler inflationniste. Tout comme les travailleurs réclament des salaires plus élevés pour compenser les augmentations de prix, ils cherchent également à protéger leur salaire net des augmentations d'impôts et des déductions pour les régimes de pensions qui interviennent lorsque leur salaire brut ou "nominal" est augmenté. Dans la mesure où ils réussissent, le mécanisme est infléchi dans le sens inflationniste.

Par ailleurs, si les recettes provenant des taux actuels d'imposition ne servaient qu'à financer les programmes publics existants -- dont les coûts devraient augmenter de façon considérable, puisque dans la seule catégorie des paiements de transfert, ils grimperont de 6.8 à 17.7 milliards de dollars au cours de la prochaine décennie --, les gouvernements réaliseraient des excédents énormes. Ceux-ci, de dire le Conseil, se traduiraient par un lourd "freinage fiscal" qui saperait l'élan naturel de l'économie et produirait un taux de chômage de 6 % au cours de la dernière moitié des années 70.

Afin de concilier ses propres projections économiques, le Conseil suppose donc l'élargissement des programmes publics existants et la création de nouveaux programmes. Il prévoit de nouvelles dépenses dans les domaines comme le bien-être social, la rénovation urbaine, l'amélioration de l'environnement, l'aménagement de nouveaux aéroports et d'installations hydro-électriques, et la mise en valeur des ressources dans le Nord. Malgré ces dépenses, les calculs ont encore montré un excédent de 1.5 milliard en 1980.

Toutefois, l'un des avantages de l'utilisation du nouveau modèle de l'économie -- essentiellement un ensemble de 1,600 équations mathématiques indiquant les liens entre différentes formes d'activité -- réside dans le fait que le Conseil peut voir comment un changement dans un secteur influera sur d'autres secteurs de l'économie, et dans ce cas, il a choisi de tester les résultats de taux d'imposition moins élevés.

Dans ses projections originales, le Conseil a tenu compte de la "progressivité" du régime d'imposition en supposant qu'en 1980, le taux réel moyen de l'impôt sur le revenu s'établirait à 27 % et que la proportion du revenu imposable s'élèverait à 75 %. Dans la solution de taux d'imposition moins élevés, le taux réel d'imposition a été abaissé à 23.5 %, soit à peu près au niveau actuel, et la proportion du revenu imposable à 65 %, niveau légèrement inférieur à celui de 1970.

Il en est résulté une situation à peu près inchangée en ce qui concerne la production de l'économie, l'emploi, les prix, et la productivité. Cependant, les réductions d'impôt signifieraient évidemment que

le revenu réel par habitant après impôt augmenterait plus rapidement, soit de 4.5 % par année au lieu de 4.1 %. D'autre part, la proportion du PNB absorbée par les gouvernements se maintiendrait au taux actuel de 36 % au lieu de passer à 40 %.

Pour ce qui est des recettes publiques, les réductions d'impôts "coûteraient" environ 4.5 milliards et les recettes totales s'établiraient à 69.7 milliards de dollars en 1980, au lieu de 74.2 milliards aux taux actuels d'imposition. Dans ce cas, l'impôt sur le revenu des particuliers accuserait une baisse d'environ 5.5 milliards de dollars en 1980 par rapport à ce qu'il aurait été autrement, alors que l'impôt sur le revenu des sociétés et les taxes indirectes réunis augmenteraient d'environ 1 milliard.

Le Conseil a conclu en ces termes :

"Une position raisonnable consisterait, nous semble-t-il, à conserver, d'ici quelques années, les taux d'imposition directe et indirecte tels quels ou à les réduire.

"Comme la taxation est progressive, une telle approche ne condamnerait nullement l'État à renoncer à introduire ou à améliorer des programmes de dépenses.

"Du reste comme nous l'avons vu... une place relativement plus modeste de l'État n'est en rien incompatible avec des performances satisfaisantes en matière d'emploi et de croissance économique.

"L'État demeure évidemment libre dans ses choix. Notre tâche est d'en indiquer les conséquences dans la mesure où il nous est possible de les percevoir."

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

Publication immédiate
le 9 novembre 1972

Il n'est pas possible de prédire exactement l'évolution de l'économie canadienne d'ici 1980. On peut toutefois en esquisser les grandes orientations et c'est ce qu'a tenté de faire le Conseil économique dans son *Exposé annuel* de 1972.

L'EXPLORATION DE L'AVENIR

C'est donc l'avenir qu'examine le Conseil économique dans cet Exposé, comme dans ceux de 1964, de 1967 et de 1969, mais cette fois-ci l'horizon est plus long -- soit de huit ans par rapport à des horizons variant de trois à six ans dans les études précédentes -- et l'approche est nouvelle.

Dans le Neuvième Exposé, les prévisions sont basées sur les résultats obtenus à l'aide d'un modèle économétrique, constitué d'un ensemble d'équations mathématiques destiné à montrer le fonctionnement de l'économie, et dont le principal avantage provient de la nécessité de préciser avec exactitude comment les phénomènes économiques se conditionnent mutuellement à l'intérieur du système.

Le modèle que nous utilisons porte le nom de CANDIDE. C'est un modèle à moyen terme, fondé sur des données annuelles. Il est désagrégé et de dimensions considérables. Il est dynamique, en ce sens qu'il

tient compte des réactions simultanées aussi bien que retardées. Il incorpore un tableau d'échanges interindustriels et il tente d'expliquer par lui-même plusieurs catégories de dépenses publiques, de même que l'offre de travail.

LES HYPOTHÈSES FONDAMENTALES

Les principales hypothèses plus ou moins communes à tous les scénarios décrits aux chapitres 4 et 5 de l'Exposé peuvent être classées en quatre grands groupes : les facteurs démographiques, les conditions économiques extérieures, les recettes et les dépenses publiques, et les adaptations aux investissements privés.

Les hypothèses *démographiques* indiquent la persistance de faibles taux de fécondité et une immigration moyenne nette de 100,000 personnes par an. Sur cette base, la population canadienne se chiffrerait à 25 millions de personnes en 1980 et son taux de croissance faiblirait à 1.6 % par an jusqu'en 1980.

L'hypothèse de base retenue pour les *conditions économiques extérieures* est celle d'un optimisme modéré. Pour les États-Unis, le taux annuel moyen de croissance du PNB réel pendant la décennie est de 4.5 %. Le taux de chômage diminue rapidement après 1971, atteint quelque 4 % en 1974 et reste proche de ce niveau par après. La hausse moyenne des prix implicites du PNB serait de l'ordre de 3.5 % par an. Quant à l'Europe occidentale, et au Japon, le taux de croissance annuel moyen de la production industrielle de ces pays devrait atteindre 7.3 %.

Le troisième groupe d'hypothèses concerne le *rôle économique de l'État*. Du point de vue des prélèvements fiscaux, le Conseil suppose que les taux de taxation indirecte et les taux d'imposition des bénéfices des sociétés demeureront à leur niveau de 1970. Quant à l'impôt sur le revenu des particuliers, les taux de taxation nominaux sont également inchangés, selon nos hypothèses, mais le taux moyen de taxation effective augmente avec la progression des revenus. En ce qui concerne les dépenses des gouvernements, sauf pour les bénéfices versés par les régimes de retraite publics, les taux de croissance supposés sont généralement inférieurs à ceux enregistrés au cours des années 60.

Le dernier groupe d'hypothèses a trait aux *investissements privés*. Le Conseil a cru bon d'augmenter les sommes calculées par le modèle dans plusieurs catégories d'investissements privés, notamment dans le secteur de la fabrication et dans les industries extractives et d'énergie. Ces additions spéciales représentent environ 7 % des investissements privés projetés pour les années 70.

UN CADRE DE FORTE CROISSANCE EXTÉRIEURE

Si on pose l'hypothèse d'un environnement extérieur favorable et de dépenses publiques plus élevées que celles que laissent entrevoir les programmes actuels en matière de paiements de transfert et d'investissements, quel pourrait être le schéma de développement de l'économie canadienne au cours des années 70 ?

1. Principaux agrégats

Les projections indiquent qu'en dollars courants, le PNB s'élèverait à environ $190 milliards en 1980, soit une augmentation moyenne de la production réelle de 5.6 % par an et une hausse annuelle moyenne des prix de quelque 2.7 %. Le taux de croissance de la main-d'oeuvre s'établirait à 2.8 % par an, celui de l'emploi à 3.1 %, de sorte que le chômage s'abaisserait à un niveau inférieur à 4 % durant la dernière partie de la décennie. Ces projections impliquent un taux de croissance de la productivité de 2.4 % et une expansion annuelle du stock de capital des entreprises de 5.8 %, et elles s'accompagnent d'une hausse annuelle moyenne du revenu disponible réel qui se chiffrerait à 5.7 %.

2. Dépenses de consommation

En 1980, les dépenses de consommation par habitant (exprimées en dollars constants) seraient d'environ 50 % plus élevées qu'en 1970. Les dépenses de biens durables constitueraient la catégorie de dépenses croissant le plus rapidement et cet accroissement serait attribuable dans une large mesure à l'augmentation considérable des dépenses pour le matériel de transport et les biens durables de récréation. Parmi les autres biens de consommation, notons l'accélération des dépenses de vêtements et chaussures par habitant, la quasi-stabilité du taux de croissance des achats de biens non durables et le ralentissement dans les dépenses de consommation pour le logement et l'éducation.

3. Le secteur public

La part du secteur public atteindrait près de 40 % de la production et du revenu total du pays en 1980, comparativement à 35.5 % en 1970. À l'exception des dépenses d'investissements, cette participation

accrue de l'État serait réalisée en dépit d'une croissance plus lente des principales catégories de dépenses par rapport aux années 60. Ce ralentissement du taux de croissance se perçoit également du côté des recettes publiques, où seuls les impôts perçus des sociétés augmenteraient un peu plus rapidement. Le résultat net de ces divers calculs des revenus et dépenses se caractérise par une position légèrement excédentaire du secteur public sur la base des comptes nationaux pour l'ensemble de la décennie.

4. La demande d'investissement

La structure de la demande d'investissement ne serait pas sans changer au cours des années 70. Alors qu'au cours des années 60, la part des dépenses en machines et biens d'équipement dominait quelque peu celle des investissements de type construction, nos projections indiquent qu'au cours des années 70, en raison principalement des investissements requis pour l'exploitation des ressources naturelles, chaque type représenterait une part à peu près égale du PNB.

Dans le secteur du logement, le taux d'augmentation des dépenses de construction résidentielle faiblirait légèrement au cours des années 70, mais la croissance du stock de logements serait un peu plus rapide que durant la décennie précédente, de sorte que le taux de vacance atteindrait un niveau beaucoup plus sain qu'au cours de la décennie précédente.

5. Exportations, importations et balance des paiements

Le taux de croissance des exportations et des importations de biens et services serait sensiblement plus lent, car certains facteurs qui ont exercé une influence au cours des années 60 -- par exemple, la

dépréciation du dollar canadien et l'accord sur les produits de l'automobile -- ne seront pas présents au cours des années 70. Les exportations de biens et services s'accroîtraient à un taux annuel moyen de 5.7 % et les importations totales, de 6.1 % au cours de la décennie 1970-1980. Le résultat net se traduit par un déficit de la balance au compte courant, qui pourrait atteindre un taux de 1.2 % du PNB au cours des années où la croissance serait la plus rapide, pour ensuite baisser à 0.4 % du PNB vers la fin de la décennie.

6. Production et emploi par industrie

Conformément aux hypothèses formulées à l'égard des investissements dans la construction effectués par les secteurs public et privé, l'industrie de la construction enregistrerait une croissance beaucoup plus rapide qu'au cours de la décennie 1960-1970. La production du secteur primaire et celle des secteurs de la finance et de l'assurance augmenterait aussi plus rapidement. Par ailleurs, on peut s'attendre à un certain ralentissement de la production dans les secteurs de la fabrication, des services d'utilité publique, de même que pour les transports, l'entreposage et les communications et les services communautaires, commerciaux et personnels. Du côté de l'emploi, la proportion de l'emploi dans les industries de l'agriculture et de la fabrication, par rapport à l'emploi total, continuera de baisser, alors que celle de l'emploi dans les services s'accroîtra.

AUTRES PROFILS DE DÉVELOPPEMENT

Une des possibilités qu'offre un modèle économétrique est celle de modifier les hypothèses de base et de simuler les effets qu'auraient d'autres événements ou d'autres politiques économiques sur l'avenir du pays. Le Conseil a décrit dans un chapitre de son Exposé les principales

caractéristiques de divers scénarios qui sont les variantes les plus vraisemblables de la simulation décrite ci-haut.

1. Un environnement extérieur moins favorable

Dans ce scénario, le Conseil suppose des taux de croissance moindres dans les pays qui exercent une influence déterminante sur notre économie et étudie les démarches que pourraient entreprendre les autorités publiques -- notamment, une augmentation des paiements de transfert aux particuliers -- pour contrecarrer les effets de la réduction de la demande pour nos exportations.

L'effet d'une telle politique serait de soutenir le revenu personnel et donnerait par conséquent une impulsion considérable à la demande intérieure. Soutenu par des paiements de transfert accrus, le revenu disponible réel augmenterait au même taux que dans la simulation précédente. Ainsi, les dépenses de consommation se maintiendraient à un niveau élevé. Les investissements en construction résidentielle augmenteraient plus rapidement, stimulés par des coûts plus bas, ainsi que par des taux d'intérêt moins élevés, qui résulteraient d'une croissance plus lente de l'économie américaine. La croissance économique totale serait néanmoins plus lente que celle prévue dans le premier scénario. Les investissements privés augmenteraient moins rapidement, le rythme de la hausse des prix diminuerait à 2.5 % l'an, l'emploi connaîtrait une expansion moindre de 2.9 % par an en moyenne et le taux de chômage se maintiendrait entre 4.0 et 5.0 % tout au long de la décennie. La progression des exportations serait sensiblement plus lente tandis que celle des importations ne serait que marginalement moins rapide qu'au chapitre précédent, de sorte que le déficit au compte courant se situerait

à plus de 2 % du PNB à plusieurs reprises. La réduction de la croissance serait concentrée sur les industries exportatrices, mais toucherait aussi d'autres activités comme l'agriculture, la forêt, la pêche et l'industrie manufacturière. Les dépenses publiques seraient aussi élevées que dans le cas précédent, mais les recettes croissant moins rapidement à la suite de la croissance plus lente de l'économie, les gouvernements enregistreraient des déficits considérables tout au long de la période.

2. Une répartition différente des investissements privés

Dans un autre scénario, le Conseil suppose, dans l'hypothèse d'un environnement extérieur favorable, que les additions aux investissements privés introduites de façon exogène seraient concentrées dans les années 1974-1976 au lieu d'être réparties sur l'ensemble de la décennie. Dans une telle hypothèse, la croissance de la production se concentrerait également dans la première moitié des années 70. Le taux de chômage diminuerait à 3.6 % vers 1976 et s'élèverait à 4.2 ou 4.3 % durant le reste de la décennie. Le secteur de la construction serait particulièrement favorisé dans ce scénario, l'emploi dans cette industrie augmentant alors de façon sensible, du moins jusqu'en 1976.

3. Quelques options en matière de politique fiscale

Dans un premier temps, le Conseil suppose dans une quatrième simulation une croissance plus faible des recettes publiques, accompagnée d'une augmentation plus lente des investissements publics et des paiements de transfert. Les autres hypothèses demeurent inchangées. La comparaison des résultats de cette simulation avec ceux de la première révèle des ressemblances étonnantes quant à la croissance de la production, de l'emploi, de la productivité et d'autres agrégats. Parmi les différences

les plus importantes, il faut noter l'augmentation plus rapide du revenu disponible réel qui découle de la diminution des prélèvements fiscaux et qui entraîne une croissance plus rapide des dépenses de consommation et de construction de logements.

En second lieu, le Conseil reprend les hypothèses de base, mais au lieu de répartir les dépenses publiques supplémentaires entre les paiements de transfert et les investissements publics, il attribue toute l'augmentation à l'une ou l'autre de ces catégories de dépenses. Chacun des types de dépenses affecte l'économie de façon différente. Dans l'hypothèse d'investissements publics élevés, la construction croît considérablement et, dans une proportion moindre, certaines activités extractives également. Par contre, dans l'hypothèse de paiements de transfert élevés, la demande finale est infléchie vers les dépenses de consommation, grâce à une augmentation du revenu personnel disponible et produit ainsi des effets répartis dans un grand nombre d'industries.

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
November 9, 1972

A new set of medium-term economic "performance indicators" -- in effect, temporary objectives for governments and the private sector, and a standard for measuring progress -- was published today by the Economic Council of Canada in the Ninth Annual Review, The Years to 1980.

Emphasizing that these indicative targets are to be considered as a group rather than singly, and that good overall results would not be obtained by shooting at some while neglecting others, the Council defined them this way for the 1973-75 period:

-- Unemployment: 4.5 per cent by 1975, compared with an average annual rate of 5.2 per cent during the 1960s.

-- Prices: An average annual increase in the GNP price index of 3 per cent a year, compared with the average of 3.2 per cent annually through the last decade.

-- Growth: Gross National Product rising by 6 per cent a year before price increases, up from the average gain of 5.4 per cent in the 1960s.

-- Productivity: Output per person employed advancing 2.8 per cent a year on average, compared with 2.3 per cent in the 1960-70 period.

-- Real disposable income per capita (take-home pay): Increasing at 4.7 per cent on average in 1973-75, up from 3.5 per cent in the 1960s.

-- Capital investment: Rising 10 per cent a year over the target period before price increases, up from the average annual gains of 6.8 per cent during the 1960s.

-- Housing: Rising at an average 5 per cent annually through the 1973-75 period, compared with the 1960s growth rate of 4.3 per cent a year.

-- Consumer spending: Advancing on average by 5.5 per cent a year before inflation, compared with an increase averaging 4.9 per cent annually in 1960-70.

-- Government spending on goods and services: Increases averaging 5 per cent a year in 1973-75 before price increases, a slight decline from the 1960-70 rate of advance of 5.1 per cent a year.

-- External trade in both goods and services: Exports increasing 6 per cent a year in 1973-75 (9.8 per cent on average in 1960-70), and imports rising 6.5 per cent a year (8.5 per cent in the 1960s).

Unexpected developments could place some of these objectives beyond reach, the Council noted.

"Nevertheless, we believe that the framework we propose here will be a powerful aid to decision-making, no matter what direction the economy eventually takes."

The Council said it will publish each year a new set of economic-performance objectives for the coming three-year period.

Meanwhile, it suggested that the performance indicators be used as "genuine targets for action", and made the basis for systematic reviews of Canadian economic performance. Two specific review procedures were recommended:

1. Each year, one of the federal-provincial meetings of the heads of government or ministers of finance should be devoted to an examination of what the indicators imply for both levels of government.

2. There should be an annual national economic conference, including representatives of both the public and private sectors, that would use the indicators as a framework to assess Canada's medium-term economic prospects.

The Council said the latter conference should be held under "appropriate auspices", and suggested it would work with the other groups to create the right "institutional setting" for such meetings and may in fact organize the conference itself.

While striking "indicators" that varied from its previously published "goals" -- notably 3 per cent unemployment, and price increases averaging 2 per cent a year -- the Council emphasized that one group was not intended as a substitute for the other.

The original goals "were intended as ambitious but attainable targets that would provide direction to policy-makers over the long term", the Council said. "Their achievement remains highly desirable to this day."

The indicators, on the other hand, were intended to "provide a path that eventually leads to the attainment of long-term objectives, without creating undue pressures in the meantime".

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
November 9, 1972

The Economic Council of Canada released today its latest appraisal of expected trends. The Council foresees strong growth in the Canadian economy from now to 1980, and suggested that, in these circumstances, the three levels of government should be able to maintain or even reduce their present rates of taxation and still have rising revenues to finance existing programs and even launch new ones.

Using a new econometric "model" of the economy to calculate in some detail the alternative economic futures for Canada, the Council in its Ninth Annual Review sketches the following possibilities -- based on assumptions of strong growth in other major countries, a continuation of today's tax rates, and a slight decline in population growth -- as the "best bet" for the 1970-80 period.

From a level of $84.5 billion in 1970, the volume of total production in Canada would rise at an average annual rate of 5.6 per cent and this coupled with price increases averaging a little less than 3 per cent annually would raise the Gross National Product to almost $190 billion by 1980.

Even though the labour force would continue to expand rapidly -- at about 2.8 per cent a year in 1970-80 as against 2.9 per cent in 1960-70 -- the economic growth would mean an even faster increase in jobs, so that unemployment could be expected to decline to about 4 per cent by the end of the decade.

Employment gains, coupled with a slight increase in productivity growth, would result in a faster increase than in the 1960s in real disposable income, that is, take-home pay adjusted to eliminate the effects of inflation. Per capita income would increase during the 1970s at an average annual rate of 4.1 per cent, compared with 3.5 per cent in the 1960s. Consumer spending would rise from $1,800 per capita in 1970 to over $2,600 in 1980, not including price increases.

The stage would thus be set for sharply rising government revenues. Because of the "progressive" nature of income taxes -- with rising incomes bumping the recipients into higher tax brackets -- personal income tax revenues would jump from $11.5 billion in 1970 to almost $31 billion in 1980, without any change in income tax rates from today's levels. Similarly, the higher consumer spending plus price increases would mean that existing rates of indirect tax -- sales and excise taxes, property taxes, and import duties -- would boost those revenues from $12 billion to almost $26 billion over the 10 years. Corporation income taxes would more than double, from $2.9 billion in 1970 to $7.9 billion in 1980.

Adding in the other sources of government revenue, such as withholding taxes and investment income, the total "take" of all three levels of government, which rose from $10.2 billion in 1960 to $30.1 billion in 1970, would more than double again to almost $77 billion by 1980. At this level, governments in Canada would be taking up almost 40 per cent of GNP, compared with 27 per cent in 1960 and about 36 per cent now.

Among other things, this situation could be inflationary, the Council noted. Just as people argue for higher pay to offset price increases, they are anxious to protect their real take-home pay from the increases in taxes and pension deductions that occur when their gross or "nominal" incomes go up. To the extent that they succeed, the whole process would be "tilted in the direction of inflation".

Moreover, if the revenues yielded by existing tax rates were used only to finance existing government programs, even though their cost would rise sharply -- with transfer payments alone jumping from $6.8 billion to $17.7 billion over the decade ahead -- governments would roll up huge surpluses. These, the Council said, would amount to a heavy "fiscal drag" that would sap the economy's natural strength and produce 6 per cent unemployment over the last half of the 1970s.

To reconcile its own economic projections, the Council therefore assumed expansion of existing government programs, and the creation of new programs. It allowed for new spending in such areas as welfare, urban renewal, "environment improvement", new airports, power development, and resource projects in the North. And its calculations still showed a $1.5 billion surplus in 1980.

However, one of the advantages of using the new "model" of the economy -- basically a set of 1,600 mathematical equations indicating the links between different kinds of activity -- is that the Council can see how a change in one factor will affect other parts of the economy and in this case it chose to test the results of lower taxation.

In its original projections, the Council allowed for the "progressivity" of the tax structure by assuming that by 1980 the effective average rate of income tax would be 27 per cent, and that the proportion of income that is taxable would rise to 75 per cent. In its test of lower taxation, the Council dropped the effective rate of tax to 23.5 per cent -- roughly the present level -- and the proportion of income that is taxable to 65 per cent, a little lower than it was in 1970.

The result: hardly any change at all in economic output, employment, prices, or productivity. But the tax cuts would, of course, mean that after-tax real per capita income would increase faster -- by 4.5 per cent a year, instead of 4.1 per cent. And the share of GNP used by governments would remain at the present 36 per cent instead of jumping to 40 per cent.

As for government revenues, the tax cuts would "cost" about $4.5 billion -- total revenues would be $69.7 billion in 1980, instead of $74.2 billion under existing tax rates. Within this decline, personal income taxes would drop by about $5.5 billion in 1980 from what they would be otherwise, but corporate and indirect taxes combined would be roughly $1 billion higher.

Concluded the Council:

"In our opinion, a reasonable stance over the next few years would be to keep direct and indirect taxation rates at their present levels, if not to reduce them.

"Since the progressive nature of income taxes will cause tax revenues to continue to grow at a faster rate than GNP, such an approach would by no means prevent governments from introducing new programs of expenditures or improving the present ones.

"Besides, as we have seen..., a relatively more modest role of governments is by no means inconsistent with satisfactory performance with respect to employment and economic growth.

"Of course, governments remain free to choose. Our task is merely to indicate the implications of the choices to the extent that it is possible for us to perceive them."

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Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
November 9, 1972

It is not possible to predict exactly how the Canadian economy will perform until 1980, but the major trends of its development can be described and this is precisely what the Economic Council of Canada has attempted to do in its Ninth Annual Review, released today.

THE EXPLORATION OF THE FUTURE

Thus, in the 1972 Annual Review, as in those published in 1964, 1967 and 1969, the Economic Council examines the future, but this time the horizon is extended -- eight years rather than the three- to six-year horizons of the previous studies -- and a new approach has been adopted.

In the Ninth Review, the projections are based on results produced by an econometric model, which consist of a set of mathematical equations representing the functionning of the economy. A model's foremost advantage resides in the need to specify how economic phenomena interact within a consistent framework.

The model used by the Council is called CANDIDE. It is a medium-term model, based on annual data. Its main features are its level of disaggregation and its large size. It is a dynamic model,

in that it takes account of simultaneous as well as lagged reactions. It includes an input-output table and attempts to explain by itself several categories of government expenditure as well as the labour supply.

THE BASIC ASSUMPTIONS

The main assumptions more or less common to all the solutions described in Chapters 4 and 5 of the Annual Review can be grouped in four major categories: demographic factors, external economic environment, government revenue and expenditure, and additions to private investments.

The demographic assumptions show continuing lower fertility rates and an average net immigration of 100,000 persons per year. On this basis, the Canadian population would reach 25 million in 1980 implying that its growth rate would decline to 1.6 per cent annually to 1980.

Moderately optimistic assumptions are made about the external environment. In the United States, the average annual growth rate in real GNP is assumed to be 4.5 per cent over the decade. The unemployment rate declines rapidly after 1971, reaches around 4 per cent in 1974 and remains around that level thereafter. The GNE price deflator would increase by an average annual rate of approximately 3.5 per cent. In the case of Western Europe and Japan, the average annual growth rate of industrial production would reach 7.3 per cent.

The third group of assumptions deals with the economic role of government. In the fiscal field, the Council assumes that indirect tax rates and corporate tax rates will remain at their 1970 level. The nominal tax rates on personal income are also assumed to remain unchanged, but the average effective tax rate increases with the progression of incomes. The assumed growth rates of government expenditure are generally lower than those recorded in the 1960s, with the exception of benefits paid by the public pension funds.

The last group of assumptions deals with private investment. The Council saw fit to increase the amounts estimated by the model in several private investment categories, especially in manufacturing, oil, gas, and energy. The special additions represent approximately 7 per cent of the private investments projected for the 1970s.

A SETTING OF STRONG EXTERNAL GROWTH

If one assumes a favourable external environment and higher public expenditure than that which can be foreseen from the existing transfer payment and public investment programs, what patterns of development would ensue for the Canadian economy during the 1970s?

The Council's projections show that GNP in current dollars would rise to approximately $190 billion in 1980, corresponding to an average annual increase in real output of 5.6 per cent and an average annual price increase of about 2.7 per cent. The average annual growth rates for the labour force and employment would be 2.8 and 3.1 per cent respectively, and unemployment would thus decline to less than 4 per cent

in the second half of the decade. These projections imply that productivity would increase at a rate of 2.4 per cent a year, while business capital stocks would rise by 5.8 per cent a year. Real disposable income would grow at an average annual rate of 5.7 per cent.

Consumer Expenditure -- In 1980, per capita consumer expenditure will be approximately 50 per cent higher than in 1970. The highest increase would be in durable goods, due in large part to the substantial increase in expenditures for transportation equipment and recreation durables. Among other consumer goods, an acceleration in per capita expenditures on clothing and footwear, the relatively stable growth rate in nondurables and a slowdown in housing and education expenditures should be noted.

The Government Sector -- The public sector share of the country's total output and revenue should reach approximately 40 per cent in 1980, compared with 35.5 per cent in 1970. Except for investment expenditures, this increased share of government would be achieved in spite of a slower growth of the main expenditure categories in comparison with the 1960s. Government revenues would also rise less rapidly, with the exception of corporate taxes which would increase somewhat faster. The net result of these various estimates of revenues and expenditures is a slight government surplus on a National Accounts basis for the whole decade.

Investment Demand -- The pattern of investment demand would change during the 1970s. While during the 1960s the share of expenditures in machinery and equipment was somewhat higher than that of

construction-type investment, our projections show that in the 1970s each type of expenditure will represent a somewhat equal share of GNP, due mainly to the investments required in the field of natural resources.

In the housing sector, the rate of increase of expenditure in residential construction would be somewhat lower in the 1970s, but housing stocks would increase somewhat faster than during the preceding decade, so that the vacancy rate would reach much more adequate levels.

Exports, Imports and the Balance of Payments -- The growth rate of exports and imports of goods and services would be significantly slower during the 1970s, since certain factors which acted as a boost during the 1960s (e.g., the depreciation of the Canadian dollar and the auto pact) will not be present during the next decade. Exports of goods and services would increase by a yearly average of 5.7 per cent, while total imports would increase at a rate of 6.1 per cent until 1980. The net result is a deficit in the current account balance, which may reach 1.2 per cent of GNP during the years when growth would be faster, and would decline to 0.4 per cent of GNP in the latter part of the decade.

Output and Employment by Industry -- In line with the assumptions concerning investment in construction by governments and businesses, the construction industry would record a much faster growth than during the preceding decade. Output in the primary sector and in finance and insurance would also increase more rapidly. On the other hand, a decline in output can be expected in manufacturing, utilities, as well as transportation, storage, and communications, and in community, business,

and personal services. The share of agriculture and manufacturing in total employment will continue to decline, while the share of services will increase.

ALTERNATIVE PATTERNS OF DEVELOPMENT

An econometric model makes it possible to modify the basic assumptions and to simulate the impact of alternative events or economic policies on the future of the country. In the Review, the Council has described the main features of alternative solutions of the model, which are the most likely variants of the solution described above.

1. A Less Favourable External Environment

In this scenario, the Council assumes lower growth rates in the countries exerting a determining influence on our economy, and examines the steps which governments could take to counteract the effects of the reduction in export demand, such an increase in transfer payments to the personal sector.

The effect of such a policy would be to sustain personal income and consequently to encourage domestic demand considerably. Consumer expenditures would thus remain at a high level. Investment in residential construction would increase more rapidly due to lower costs and lower interest rates resulting from a slower growth of the American economy. However, total economic growth would be slower than that projected in the first solution. Private investment would increase less rapidly, price increase would be only 2.5 per cent annually, employment would grow at an annual average rate of 2.9 per cent and the unemployment rate would fluctuate between 4 and 5 per cent throughout the decade.

Exports would increase at a considerably lower rate, while imports would grow at approximately the same rate as in the first solution of the model. Thus the current account deficit would represent more than 2 per cent of GNP in many instances. The reduction in growth would be concentrated in the export industries, but would also affect such other activities as agriculture, forest, fisheries and manufacturing. Government expenditure would be as high as in the preceding solution, but with lower revenues resulting from a slower growing economy, governments would experience considerable deficits throughout the period.

2. A Different Pattern of Private Investment

In this alternative, the Council assumes, in the context of a favourable external environment, that the exogenous additions to private investments would be concentrated in the years 1974-76 rather than spread over the whole decade. Under this assumption, growth in output would also be concentrated in the first part of the 1970s. The unemployment rate would decline to 3.6 per cent around 1976, rising to 4.2 or 4.3 per cent during the rest of the decade. The construction sector would benefit particularly in this alternative, and employment in construction would increase substantially, at least until 1976.

3. Some Alternatives in Fiscal Policies

First, the Council assumes a slower growth in government revenues, accompanied by a slower increase in public investments and transfer payments. The other assumptions remain unchanged. In comparing the results of this simulation with those of the first solution, surprising resemblances appear in the case of output, employment, productivity and

other aggregates. Among the more important differences, the more rapid increase in real disposable income is worthy of note: it results from the reduction of taxes and leads to a faster increase in consumer expenditures and investment in residential construction.

In another simulation, the basic assumptions are retained, but rather than distributing the additional government expenditure among transfer payments and government investment, the additions are wholly attributed to one and then to the other. Each expenditure category affects the economy differently. If higher government investments are assumed, the construction sector grows considerably as do, in a lesser proportion, certain resources industries. If, on the other hand, higher transfer payments are assumed, final demand leans towards consumer expenditures through an increase in disposable personal income, resulting in widespread effects in a large number of industries.

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
March 8, 1973
9:00 a.m. (EST)

The Economic Council of Canada today released Special Study No. 22, "The Trade-Off between Inflation and Unemployment: Some Explorations of the Recent Evidence for Canada", by Dr. S. F. Kaliski of Queen's University. This technical paper, which contains the results of an independent analysis undertaken by Dr. Kaliski last year, supports the Council's contention in its 1972 Annual Review, that the concept of a simple trade-off between inflation and unemployment is no longer tenable. Work done at the Council, including the development of the CANDIDE model, has led to the conclusion that the relationship was both complex and indirect. The Council, therefore, suggested that the trade-off had become an inadequate guide to policy and recommended the adoption of a broader framework of 15 performance indicators.

Briefly, Dr. Kaliski's study concludes that while previous Council attempts at describing the trade-off[1/] based on data for the years 1953-1965 may have been successful, that relationship has changed since 1965. According to Dr. Kaliski, "the relationship is most likely to be unstable if there are important changes in the structure of the labour market and of unemployment, in the extent of economic fluctuations, in the strength and mix of stabilization and subsidiary policies, in the nature of expectations as to price changes, or, indeed, in any of the relevant major features of the economy". Changes in the structure of unemployment alone do not appear to explain why the trade-off has deteriorated -- that is, why both unemployment and inflation are increasing at the same time. However, a partial explanation may be the fact that price changes are now more fully reflected in wages than they used to be.

To obtain a better explanation, Dr. Kaliski recommends that the trade-off or price-wage-unemployment relationship be studied in the context of larger models of the economy. Such models may well give better or richer answers to the trade-off question. They would facilitate studying the effects on the economy as a whole of changes in labour demand and supply and

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1/ R. G. Bodkin, E. P. Bond, G. L. Reuber, and T. R. Robinson, Price Stability and High Employment: The Options for Canadian Economic Policy, An Econometric Study, Economic Council of Canada, Special Study No. 5 (Ottawa: Queen's Printer, 1967).

in labour market institutions, as well as changing expectations. Dr. Kaliski recommends continuous surveillance over such changes so that supplementary policies can be devised to produce more favourable results.

Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

POUR PUBLICATION IMMÉDIATE
le 8 mars 1973
à 9h du matin

Le Conseil économique du Canada a publié aujourd'hui l'Étude spéciale n° 22, "La relation d'arbitrage entre l'inflation et le chômage -- Examen des tendances récentes au Canada", de monsieur S. F. Kaliski, professeur à l'Université Queen's. Ce document technique qui renferme les résultats d'une analyse indépendante effectuée par l'auteur l'année dernière, confirme ce que le Conseil avait déjà noté dans son Exposé annuel de 1972, soit que le concept d'une relation d'arbitrage simple entre l'inflation et le chômage ne saurait être tenu pour valide plus longtemps. Les travaux effectués au Conseil, y compris ceux ayant trait au modèle CANDIDE, ont conduit à la conclusion que cette relation était à la fois complexe et indirecte. Le Conseil s'est donc dit d'avis que la relation d'arbitrage était devenue un guide insatisfaisant pour la formulation de politiques et a recommandé l'adoption d'un cadre analytique plus vaste de 15 indicateurs de performance.

En résumé, l'étude de monsieur Kaliski fait ressortir que même si les tentatives antérieures du Conseil en vue de

décrire la relation d'arbitrage[1] d'après les données des années 1953 à 1965 ont pu se révéler fructueuses, cette relation a évolué depuis 1965. Selon monsieur Kaliski, l'instabilité de la relation d'arbitrage "est d'autant plus probable que d'importantes modifications se produisent dans la structure des marchés du travail et du chômage, dans l'ampleur des fluctuations économiques, la vigueur et l'articulation des politiques de stabilisation et politiques auxiliaires, dans la nature des anticipations quant aux variations de prix ou même, en fait, dans l'un ou l'autre des principaux éléments pertinents de l'économie". Les changements dans la structure du chômage ne semblent pas pouvoir à eux seuls expliquer la détérioration de la relation d'arbitrage, ou en d'autres termes, pourquoi le chômage et l'inflation augmentent en même temps. Cependant, une explication partielle peut résider dans le fait qu'à l'heure actuelle, les variations de prix se reflètent plus pleinement dans les salaires qu'auparavant.

Afin d'obtenir une meilleure explication, l'auteur préconise que l'arbitrage ou la relation prix-salaires-chômage soit étudiée dans le contexte de plus vastes modèles de l'économie. Ceux-ci pourraient fort bien donner des réponses plus satisfaisantes ou plus complètes à la question de l'arbitrage. Ils faciliteraient l'étude des effets, sur l'ensemble de l'économie, des changements

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1. R. G. Bodkin, E. P. Bond, G. L. Reuber et T. R. Robinson, Price Stability and High Employment: The Options for Canadian Economic Policy, An Econometric Study, Conseil économique du Canada, Étude spéciale n° 5, Ottawa, Imprimeur de la Reine, 1967.

dans la demande et l'offre de travail et dans les institutions du marché du travail de même que dans l'évolution des anticipations. Monsieur Kaliski recommande que ces changements soient continuellement surveillés de façon que des politiques supplémentaires puissent être élaborées en vue de produire des résultats plus favorables.

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
March 22, 1973
9:00 a.m. (EST)

According to "The Pattern of Taxation in Canada", a study by Allan M. Maslove released today by the Economic Council of Canada, the Canadian taxation system is extremely regressive at the lower end of the income scale. Over the remainder of the income range, tax payments show no evidence of being significantly progressive. (Put simply, low-income family units are paying a disproportionate share of the taxes levied by all levels of government.)

Moreover, the study shows that, for all Canada, 20 per cent of family units at the lower end of the income scale receive 4 per cent of total income, half of it in some form of government transfers. The richest 20 per cent of family units receive 45 per cent of total income.

This study confirms the Council's reservation about the effectiveness of the tax system in influencing income distribution. In the Eighth Annual Review of 1971, the Council challenged the

assumption made by some economists that government projects should be chosen according to efficiency criteria alone, leaving taxes and transfer payments to achieve greater income equity.

In analysing the full range of taxes levied by all three levels of government, the study employs two concepts of income:

1) Full Income -- a comprehensive income concept that includes government transfer payments to persons.

2) Broad Income -- excludes such transfers.

As could be expected, Full Income is distributed more equally than Broad Income. "When Canadian family units are ranked by income, the lowest 20 per cent receives about 2 per cent of total Broad Income (about 4 per cent of Full Income)." For the middle three quintiles, Broad and Full Incomes are distributed about the same, at approximately 10, 18 and 24 per cent, while the highest fifth of all family units receives about 47 per cent of total Broad Income (about 44 per cent of Full Income). "At the extremes, the lowest 5 per cent of families receives much less than 1 per cent of total income (both concepts) whereas the highest 5 per cent receives more than 15 per cent."

The situation within each province shows only slight variations from this national pattern.

Of the $24 billion in tax revenues collected by all levels of government in 1969 from Canadians, $13 billion (54 per cent) went to the federal government, $8 billion (34 per cent)

to provincial governments, and $3 billion (12 per cent) to municipal governments.

The following table summarizes what residents of the different regions paid in taxes to all levels of government in 1969, and displays the average effective tax rate for all family units by region.

	$ Million	Percentage of Canadian Total	Average Effective Tax Rate per Family Unit: Broad Income Base	Average Effective Tax Rate per Family Unit: Full Income Base
Atlantic Provinces	1,526.7	6.3	45.3	39.6
Quebec	5,942.2	24.6	41.5	38.2
Ontario	10,149.5	42.0	42.5	40.2
Manitoba-Saskatchewan	1,968.2	8.1	38.0	35.3
Alberta	1,682.6	7.0	41.0	38.5
British Columbia	2,851.7	11.8	41.5	38.6
All Provinces	24,153.9	--	41.8	38.9

In commenting on the effective tax rates on family units, the study states that the "... overall effective tax pattern is highly regressive to a Broad Income level of $5,000-$6,000. Taking Full Income as the base, regressiveness is evident up to an income level of $3,000-$4,000. After this initial regressive range, the effective tax rate becomes virtually proportional over the rest of the income scale. The rate at which the leveling-out occurs is about 40 per cent of Broad Income. With Full Income, the incidence pattern above the $4,000 income level appears to be slightly progressive or proportional at an average rate of about 38 per cent, depending on the province."

Interprovincial differences are slight and are certainly not large enough to alter the basic incidence of taxation.

Federal taxes appear to be the least regressive over the lower income range, and show some progressivity over the higher range, unlike those of the other levels of government. The reason is that the personal income tax, the only one that is progressive over all incomes, predominates in the federal tax system. Municipal taxes are the most regressive, because they depend heavily on property tax, which is regressive over virtually all ranges of income, thus falling heaviest on the lower income ranges.

This study analyses only one side of government fiscal activities, tax revenues. It notes that "In order to draw a complete picture of the relative position of individuals or groups as affected by government policy, it is necessary to use data about the incidence of the benefits of government expenditures as well."

In a recent speech, the Chairman of the Economic Council, Dr. André Raynauld, point out that government expenditures appeared to be highly redistributed in favour of lower income groups and in fact outweigh the regressive incidence pattern of taxes. He said that "According to the last complete study, in 1961, the net effect of government policies was to redistribute income in favour of the lower income classes.... While we have no studies

available later than 1961 on the incidence of expenditures, it is quite probable that they have become even more redistributive since that time."

Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

POUR PUBLICATION IMMÉDIATE
Jeudi, le 22 mars 1973
à 9 h du matin

Selon une étude publiée aujourd'hui par le Conseil économique du Canada, "The Pattern of Taxation in Canada" ("L'incidence des impôts au Canada"), de monsieur Allan M. Maslove, le régime d'imposition canadien est régressif à la limite inférieure de l'échelle des revenus. Dans le cas des autres tranches de revenus, les impôts ne manifestent aucune progressivité notable. (En langage plus simple, cela signifie que les familles à faibles revenus paient une part disproportionnée des impôts prélevés par tous les paliers de gouvernement.)

L'étude montre de plus qu'au Canada, les "unités familiales" (expression qui désigne à la fois les familles et les personnes seules) comprises dans le groupe de 20 % situé à la limite inférieure de l'échelle des revenus reçoivent 4 % du revenu total, dont la moitié sous forme de transferts gouvernementaux. Par ailleurs, les 20 % situés au sommet de l'échelle, où se trouvent les unités familiales les plus riches, reçoivent 45 % du revenu total.

L'étude confirme les réserves du Conseil au sujet de l'efficacité du régime fiscal pour la répartition du revenu. Dans son *Huitième Exposé annuel* publié en 1971, le Conseil s'opposait à la suggestion de certains économistes voulant que seuls des critères d'efficacité doivent présider au choix des programmes gouvernementaux, et qu'on laisse aux impôts et aux paiements de transfert le soin de réaliser une meilleure redistribution des revenus.

Dans son analyse de la gamme complète des impôts prélevés par les trois paliers de gouvernement, l'auteur fait appel à deux notions du revenu :

1) Le revenu "global", qui comprend les paiements de transfert versés aux particuliers;
2) Le revenu "privé", qui exclut ces transferts.

Comme on pouvait le prévoir, le revenu global est réparti plus équitablement que le revenu privé. Si on classe les unités familiales canadiennes d'après leur revenu, la tranche de 20 % située au bas de l'échelle reçoit environ 2 % du revenu privé (soit environ 4 % du revenu global); dans le cas des trois quintiles suivants, la répartition du revenu privé est à peu près la même que celle du revenu global, soit approximativement 10, 18 et 24 %, alors que le cinquième quintile, où se trouvent les unités familiales les plus favorisées, reçoit environ 47 % du revenu privé total (environ 44 % du revenu global). Aux extrémités de l'échelle, 5 % des familles les plus pauvres reçoivent beaucoup moins de 1 % du revenu total (d'après les deux définitions), tandis que les 5 % les plus riches en reçoivent plus de 15 %.

Ce profil établi à l'échelle nationale ne varie que très peu dans le cas de chaque province.

Des 24 milliards de dollars de recettes fiscales perçues des Canadiens par tous les paliers de gouvernement en 1969, la part du gouvernement fédéral a été de 13 milliards (54 %), celle des gouvernements provinciaux de 8 milliards (34 %) et celle des administrations municipales de 3 milliards (12 %).

Le tableau résume ce que les résidents des différentes régions ont payé en impôt à tous les niveaux de gouvernement en 1969, et indique le taux réel moyen d'imposition pour toutes les unités familiales par région.

			Taux réel moyen d'impôt par unité familiale	
	En millions de dollars	En pourcentage	Sur la base du revenu privé	Sur la base du revenu global
Provinces atlantiques	1,526.7	6.3	45.3	39.6
Québec	5,942.2	24.6	41.5	38.2
Ontario	10,149.5	42.0	42.5	40.2
Manitoba-Saskatchewan	1,968.2	8.1	38.0	35.3
Alberta	1,682.6	7.0	41.0	38.5
Colombie-Britannique	2,851.7	11.8	41.5	38.6
Toutes les provinces	24,153.9	--	41.8	38.9

Dans son analyse des taux réels d'imposition qui frappent les unités familiales, l'auteur découvre que "les taux réels d'impôt ont un caractère nettement régressif jusqu'à la tranche de revenu privé comprise entre 5,000 et 6,000 dollars. Si l'on prend comme base le revenu global, ce caractère régressif se manifeste jusqu'au

niveau de revenu de 3,000 dollars. Au-delà de ce premier palier, le taux réel d'imposition devient à peu près proportionnel pour le reste de l'échelle des revenus. Le passage de la régressivité à la proportionalité se produit lorsque le taux atteint environ 40 % du revenu privé. Dans le cas du revenu global, l'incidence semble proportionnelle ou légèrement progressive au taux moyen d'environ 38 %, selon la province."

Les différences interprovinciales sont légères et ne sont certainement pas suffisantes pour altérer l'incidence fondamentale de l'impôt.

Les impôts fédéraux semblent être les moins régressifs pour la tranche inférieure de revenus, et ils affichent une certaine progressivité dans les tranches supérieures, contrairement à ceux des autres paliers de gouvernement. Ceci s'explique du fait que l'impôt sur le revenu des particuliers, le seul qui soit progressif à l'égard de tous les revenus, prédomine dans le régime fiscal fédéral. Les taxes municipales sont les plus régressives, étant donné qu'elles comprennent surtout les impôts fonciers, qui sont régressifs pour à peu près toutes les tranches de revenus, créant ainsi la charge la plus lourde pour les tranches inférieures.

L'auteur n'analyse qu'un aspect de la fiscalité publique, les recettes provenant des impôts. Il remarque que "pour dresser un tableau complet des situations relatives des particuliers ou des

catégories concernées par les politiques du gouvernement, il est également nécessaire d'utiliser les données sur l'incidence des avantages découlant des dépenses publiques."

Dans un récent discours, le président du Conseil économique, monsieur André Raynauld, a souligné que la répartition des dépenses publiques semble favoriser grandement les classes inférieures de revenus et, de fait, compense largement l'incidence régressive de la structure des impôts. Il a mentionné que "selon la dernière étude complète sur l'incidence des dépenses publiques au Canada, qui remonte à 1961, l'effet net des politiques gouvernementales a été de redistribuer le revenu en faveur des catégories à plus faible revenu. Même si nous ne disposons pas d'études plus récentes sur ce sujet, il est probable que les dépenses publiques sont devenues encore plus redistributives depuis 1961."

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
June 7, 1973

Dr. André Raynauld, the Chairman of the Economic Council of Canada, announced today that Dr. John J. Deutsch, the Principal of Queen's University, has accepted the chairmanship of the National Economic Conference to be held in Montreal on December 10 and 11. This Conference follows on a recommendation of the Council in the 1972 Review that an annual forum be created to enable decision-makers to systematically assess Canada's medium-term economic prospects.

The Conference will deal with the prospects and interim targets for the Canadian economy through the mid-1970s. After consultation with appropriate authorities, the Council has decided to sponsor the first of these national conferences.

The Council has convened a series of regional preparatory workshops and meetings with business, union leaders and decision-makers, in other private organizations across the nation to discuss the Ninth Annual Review's projections to 1980, the framework of performance indicators, the reasonableness of the target levels implied by the indicators as well as plans for the National Economic Conference.

Prior to the Conference, some 15 industry committees will prepare nationwide assessments of the outlook for the major sectors

of economic activity over the next three to five years. These assessments will be discussed at the National Conference in terms of their interrelationships and their implications for the achievement of the Council's performance indicators.

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Economic Council of Canada

Conseil économique du Canada

news release/communiqué

POUR PUBLICATION IMMÉDIATE
le 7 juin 1973

Le président du Conseil économique du Canada, M. André Raynauld, a annoncé aujourd'hui que M. John J. Deutsch, recteur de l'Université Queen's, a accepté la présidence de la Conférence économique nationale qui se tiendra les 10 et 11 décembre à Montréal. Cette conférence fait suite à une recommandation de l'Exposé de 1972 préconisant la création d'un forum annuel qui permettrait d'évaluer systématiquement les perspectives économiques à moyen terme au Canada.

La conférence traitera des perspectives et des objectifs intérimaires de l'économie canadienne pour le milieu de la présente décennie. Après avoir consulté les autorités appropriées, le Conseil a décidé de préparer la première de ces conférences nationales.

Déjà le Conseil a organisé une série de réunions et de séminaires régionaux préparatoires avec les chefs d'entreprise, les leaders syndicaux et les responsables d'autres organismes privés au pays, afin d'examiner les projections formulées pour 1980 dans le Neuvième Exposé annuel, le système d'indicateurs de performance, le réalisme des objectifs qu'impliquent les indicateurs, ainsi que le programme de la Conférence économique nationale.

Quelque 15 comités sectoriels prépareront, avant la tenue de la conférence, des évaluations des perspectives des trois à cinq prochaines années pour les principaux secteurs de l'activité économique. Ces estimations seront analysées, dans le cadre de la Conférence nationale, en fonction de leurs rapports réciproques et de leurs implications du point de vue de la réalisation des indicateurs de performance du Conseil.

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Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
October 3, 1973
9:00 a.m. (EST)

The Economic Council of Canada today released two studies related to government decision-making: The Progress of Budgetary Reform in the Government of Canada, by Donald Gow, and Developing Policies for Public Security and Criminal Justice, by Robert Evans Jr.

In publishing these two studies, the Council hopes to further public understanding of government decision-making processes.

As the Economic Council of Canada pointed out in its Eighth Annual Review: Design for Decision-Making, "All Canadians have become increasingly aware of the impact of government decisions -- federal, provincial, and municipal -- on their daily lives ... There is a spreading recognition that government decisions now have a greater consequence for good or for ill than in earlier days."

Much of the recent progress towards systematic decision-making in government has been related to the budgetary process. The adoption of a planning, programing, and budgeting system (PPBS) by the federal and some provincial governments illustrates the trend towards being more systematic and explicit about government decisions.

Special Study No. 17 was authored by Dr. Donald Gow who, prior to his untimely death last summer, was a professor at Queen's University. It describes the historical development of budgetary practices in the Canadian government and assesses the present system.

In Canada, the progress of budgetary reform has been going on for over a decade. The appointment of the Glassco Commission in September 1960 led to significant changes in budgetary processes, and the Treasury Board has been working with the departments since then to put into place sophisticated planning procedures.

Dr. Gow ends his study with a plea for definition of goals and objectives for public policies: "The very intractability of the problem, and the serious consequences of letting it persist, dictate that it must be solved."

In Special Study No. 23, Professor Robert Evans Jr. of Brandeis University begins his inquiry into economic aspects of public security and criminal justice by attempting to define objectives.

As the Council commented in its Eighth Annual Review, abstract goals such as freedom, equity, and justice reflect some of man's most noble and civilized aspirations, but they do not provide operational guidelines for policy formulation.

What is needed is a set of indicators to measure actual situations in terms of objectives, and to "act as an early warning system, emphasizing anticipatory action rather than belated and often costly reaction to changes in society."

Dr. Evans' study points out the problems and the possibilities in developing justice indicators in two main policy areas: public safety and the administration of criminal justice.

Public safety is defined in terms of relative levels of crime, and the objectives are discussed in terms of crime reduction.

The study deals with the three main stages of administering justice -- that is, in convicting, and correcting those who break the law. For each stage, current practices are reviewed and output measures suggested to measure progress towards policy objectives.

Economic Council of Canada

Conseil économique du Canada

Government Publications

news release/communiqué

POUR PUBLICATION IMMEDIATE
le 3 octobre 1973
9 h a.m. (HNE)

Le Conseil économique du Canada a publié aujourd'hui deux études portant sur la prise des décisions dans le secteur public : The Progress of Budgetary Reform in the Government of Canada, par Donald Gow, et Developing Policies for Public Security and Criminal Justice, par Robert Evans Jr.

Le Conseil espère contribuer, par ces deux études, à mieux faire comprendre le processus des décisions publiques.

Comme il souligne dans son Huitième Exposé annuel intitulé L'état et la prise des décisions, "Nous devenons tous de plus en plus conscients des répercussions des décisions publiques -- fédérales, provinciales et municipales -- sur notre vie de tous les jours... Nous nous rendons compte aussi que ces décisions produisent aujourd'hui des conséquences, bonnes ou mauvaises, bien plus importantes que précédemment."

Les récents progrès accomplis vers la systématisation des décisions gouvernementales se sont produits surtout dans le processus de budgétisation. L'adoption de la rationalisation des choix budgétaires (R.C.B.) par le gouvernement fédéral et certains gouvernements provinciaux illustre bien la tendance actuelle vers des décisions publiques plus méthodiques et plus explicites.

L'étude n° 17 a été préparée par M. Donald Gow qui, avant son décès prématuré l'été dernier, était professuer à l'Université Queen's. Elle présente l'historique des pratiques budgétaires dans le gouvernement canadien, ainsi qu'une appréciation du système actuel.

La réforme budgétaire, dans l'administration fédérale, dure depuis plus de dix ans. L'établissement de la Commission Glassco, en septembre 1960, a entraîné des changements importants dans les pratiques budgétaires et, depuis le Conseil du Trésor travaille en collaboration avec les ministères à mettre en oeuvre des méthodes de planification perfectionnées.

M. Gow termine son étude par un plaidoyer en faveur d'une définition des buts et objectifs des politiques publiques. Selon lui, du fait même que ce problème est difficile et compliqué, et aussi à cause des conséquences graves qui en résulteraient s'il persistait, il doit absolument être résolu.

Dans son étude spéciale n° 23, le professeur Robert Evans Jr. de l'Université Brandeis, examine les aspects économiques de la sécurité publique et de l'administration de la justice criminelle. Il débute justement par une tentative de définir les objectifs pertinents.

Comme le signale le Conseil dans son Huitième Exposé annuel, des buts abstraits comme la liberté, l'équité et la justice sont le reflet des aspirations les plus nobles et les plus civilisées de l'homme, mais ils ne fournissent pas de guides pratiques pour la formulation des politiques socio-économiques.

Il faut donc mettre au profit une série d'indicateurs permettant d'évaluer des situations réelles en fonction des objectifs et pouvant servir de système d'alerte mettant l'accent sur des mesures qui anticipent les événements plutôt que sur des réactions tardives et souvent coûteuses aux changements qui se produisent dans la société.

M. Evans souligne les difficultés, mais aussi les possibilités que présenterait la mise au point d'une série d'indicateurs de la justice dans deux principaux domaines : la sécurité publique et l'administration de la justice criminelle.

Il définit la sécurité publique en termes de taux relatifs de criminalité. Pour lui les objectifs à réaliser tendent tous vers la réduction de la criminalité.

L'auteur traite en outre dans son étude des deux principales étapes de l'administration de la justice, soit obtenir la condamnation des coupables et les punir. Il analyse les pratiques suivies actuellement à chaque étape et propose des mesures de réalisation des objectifs.

(Une version française sera publiée plus tard)

Economic Council of Canada

Conseil économique du Canada

news release/communiqué

FOR IMMEDIATE RELEASE
October 17, 1973
9:00 a.m. (EST)

Policies that interfere with the allocation process of the labour market have large costs attached to them according to the Study released by the Economic Council of Canada today. In Special Study No. 16, "Mobility Behaviour in the Canadian Labour Force", Dr. John Vanderkamp of the University of Guelph states that the Canadian labour market works in a rational and predictable manner and that labour supplies and mobility flows respond to economic incentives. He suggests that a policy of wage controls can prevent an industry from solving labour supply problems by a shift in the relative wages and consequent mobility. "Such a policy may therefore lead to an increase in the economy's structural imbalances."

Dr. Vanderkamp in this analysis rejects the position supported by the Organization for Economic Co-operation and Development, amongst others, that incomes policies can be pursued without harmful effect on the working of the labour market, since labour supplies do not respond to differential earnings. This argument is fallacious, at least in the Canadian context, since this Study demonstrates that Canadian workers do in fact respond to income prospects.

Special Study No. 16, analyses the mobility of Canadian workers who were covered by unemployment insurance in the 1965-68 period. Two comments on this time period are worth noting:

1 - A new Unemployment Insurance Act substantially increasing coverage only came into effect July 1st, 1971.

2 - This was a period of high overall levels of economic activity which has an important influence on geographic mobility. The Economic Council of Canada pointed out in its Eighth Annual Review that "when unemployment is high, both the extent and nature of geographic movement is adversely affected".

This Study confirms earlier findings about Canadians showing a great deal of mobility. Some 30 per cent change their industry, occupation, or province of employment in a year. Mobility rates differ by age, sex, employment status and province. Males are more mobile than females and mobility declines with age. Unemployed persons are more than twice as mobile as those employed.

The gross interprovincial flows of movers are far in excess of net flows and return migration to the province of origin constitutes about 20 per cent of annual gross migration. Better income and employment prospects provide the prime motives for moving while distance acts as a disincentive. The high-income provinces of British Columbia, Ontario and Alberta recorded significant net inflows. The language difference represented an important barrier to migration in the case of Quebec. The rate of return on

investment in interprovincial mobility is very high. The reason for migration flows not being greater are individual preferences and the phsychic costs related to moving and uncertainty.

His results show 16 per cent of workers covered by unemployment insurance changing their occupation in the year 1966-67, and over two-thirds of these cases changing the industry as well. A number of occupations appear to be "stations of entry" into the labour force. Those entering unskilled labour occupations later move on to more skilled ones, and some doing clerical work and sales end up in managerial positions.

Mobility across industries is somewhat hindered because the labour market is segmented by differentials in unionization, female employment and by dissimilarities among industries in terms of the products used and produced and the work environment. Almost 24 per cent of insured workers have changed their industry of employment in the year 1966-67 and in half of these cases the occupation has been changed too. Because large industries have greater and more varied employment opportunities, mobility is strongly influenced by the industry's size. Income and employment opportunities are important determinants of industrial mobility and workers tend to move out of low-wage activities like farming into high-wage industries such as construction. Large flows also occur between industries similar in products and work

environment, since similarity result in smaller mobility costs. One example is the mobility of workers among primary metals, metal fabricating, machinery and transportation equipment industries.

Dr. Vanderkamp concludes that the functioning of the labour market is sufficiently flexible and capable of absorbing changes and facilitating adjustment. He draws several policy implications. Special-interest (e.g. tariffs, import quotas, subsidies) policies he feels can be abandoned without fear of prolonged and serious unemployment. He does not feel that an all-out manpower policy with many subsidies and special privileges for movers is required. However, mobility subsidies may be justified when there are externalities, exaggerated uncertainties, and government programs which tend to reduce the incentives to move such as some federal-provincial transfers, welfare payment schemes, and unemployment insurance. The problem of exaggerated uncertainty arising from lack of information about income and employment prospects may be directly attacked by providing information about job opportunities and labour market conditions. The discrimination of the capital markets against persons with little wealth may be counteracted by making loans to movers.

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Les politiques qui entravent les processus de répartition du marché du travail sont fort coûteuses, d'après une étude publiée aujourd'hui par le Conseil économique du Canada. Dans l'étude spéciale n° 16, "La mobilité de la main-d'oeuvre au Canada", M. John Vanderkamp, de l'Université de Guelph, déclare que le marché canadien du travail évolue de façon passablement logique et prévisible. Il précise en outre que l'offre de main-d'oeuvre et les mouvements migratoires sont déterminés par des facteurs d'ordre économique. A son avis, une politique de contrôle des salaires risquerait d'empêcher une industrie de subvenir à ses besoins en main-d'oeuvre en faisant varier les salaires relatifs et, par voie de conséquence, la mobilité. Une telle politique pourrait donc entraîner "une aggravation des déséquilibres structurels de l'économie".

Dans son analyse, M. Vanderkamp rejette la théorie, appuyée entre autres par l'Organisation de coopération et de développement économiques, selon laquelle on peut poursuivre des politiques de revenu sans nuire aux mécanismes du marché, l'offre de main-d'oeuvre ne réagissant pas aux différences dans les rémunérations offertes. Ce raisonnement est faux, du moins dans le contexte canadien, et l'étude prouve que, de fait, l'offre de main-d'oeuvre réagit aux différences dans les perspectives de revenu.

L'étude spéciale n° 16 analyse la mobilité des travailleurs canadiens assujettis à l'assurance-chômage durant la période de 1965 à 1968. Deux faits au sujet de cette période méritent d'être soulignés :

1 - Ce n'est que depuis le 1er juillet 1971 qu'une nouvelle Loi sur l'assurance-chômage prévoit des prestations sensiblement plus élevées;

2 - Le niveau global élevé de l'activité économique qui a caractérisé cette période a exercé une influence profonde sur la mobilité géographique. Dans son Huitième Exposé annuel, le Conseil économique du Canada a souligné qu'"un niveau de chômage élevé tend à réduire les migrations des travailleurs".

L'étude corrobore des constatations antérieures au sujet du taux élevé de mobilité des Canadiens. Chaque année, environ 30 % changent d'industrie, de profession ou de province d'emploi. Les taux de mobilité varient selon l'âge, le sexe,

L'étude agraire n° 16 analyse la mobilité des travailleurs canadiens assujettis à l'assurance-chômage durant la période de 1965 à 1968. Deux faits en ressortent particulièrement d'être soulignés :

1 - Ce n'est que depuis le mois de juillet 1971 qu'une nouvelle loi sur l'assurance-chômage rendant les travailleurs saisonniers admissibles aux prestations a été adoptée.

2 - Le système global élevé de l'assurance-chômage qui a causé bien des problèmes à ceux qui ne jouissent pas d'une indépendance sur le marché du travail. Le système fait bénéficier du domaine dépendant surtout, le domaine dépendant du travail en fonction du système de l'assurance-chômage.

Quelques faits clés de mobilité des travailleurs : Chaque année, environ 4 travailleurs sur 10 changent d'employeur. Les taux de mobilité varient selon l'âge, le sexe,

le statut professionnel et la province. Les hommes sont plus mobiles que les femmes et la mobilité diminue avec l'âge. Les chômeurs sont plus de deux fois plus mobiles que les travailleurs ayant un emploi.

Les migrations interprovinciales brutes sont de beaucoup supérieures aux migrations nettes et le retour des travailleurs à leur province d'origine représente environ 20 % des migrations brutes annuelles. La perspective d'un meilleur revenu ou d'un meilleur emploi semble être la principale motivation de la mobilité, et la tendance à la mobilité est inversement proportionnelle à la distance à parcourir. Un grand nombre de travailleurs se dirigent vers les provinces à revenus élevés, telles que la Colombie-Britanique, l'Ontario et l'Alberta. Les facteurs d'ordre linguistique tendent à décourager les migrations, dans le cas du Québec. Le taux de rendement monétaire de la mobilité interprovinciale est très élevée. Les goûts individuels, l'incertitude et les coûts psychologiques associés au déménagement sont autant de raisons pourquoi les taux de migration ne sont pas plus élevés.

Les résultats de l'étude montrent que durant l'année 1966-1967, 16 % des travailleurs assujettis à l'assurance-chômage ont changé de profession, et que dans plus des deux tiers des cas, ils ont également changé d'industrie. Un certain nombre de professions semblent constituer des points d'entrée dans le monde du travail. Ceux qui adoptent

un travail n'exigeant aucun apprentissage passent par la suite à un autre plus spécialisé, et parmi les vendeurs et les employés de bureau, certains finissent dans des postes de gestion.

Par ailleurs, la mobilité interindustrielle est entravée jusqu'à un certain point par les divers niveaux de syndicalisation dans le marché du travail, par l'emploi de la main-d'oeuvre féminine, et par les différences entre les industries quant à l'environnement et aux produits utilisés et fabriqués. Environ 24 % des travailleurs assurés ont changé d'industrie durant l'année 1966-1967, et dans la moitié des cas, ils ont aussi changé de profession. Parce que les industries importantes peuvent offrir une plus grande variété et un plus grand nombre d'emplois, l'importance d'une industrie influe beaucoup sur la mobilité. Les perspectives de revenu et d'emploi exercent une influence prépondérante sur la mobilité industrielle, les travailleurs ayant tendance à délaisser les emplois les moins bien rémunérés, comme l'agriculture, et à se diriger vers les industries qui leur offrent des salaires élevés, comme celle de la construction. D'importantes migrations ont lieu également entre les industries semblables quant aux produits ou à l'environnement, car ces ressemblances ont pour résultat de diminuer les coûts de la mobilité. On en voit un exemple dans la mobilité des travailleurs entre les industries des métaux primaires, des produits métalliques et de la fabrication de machines et de moyens de transport.

M. Vanderkamp conclut sont étude en affirmant que les mécanismes du marché du travail sont suffisamment flexibles pour absorber les changements et même pour faciliter le processus d'adaptation qui s'impose. Il cite plusieurs conséquences pour ce qui a trait aux politiques. Celles qui sont d'un intérêt particulier (par exemple, le tarif, les contingentements des importations et les subventions) peuvent, à son avis, être abandonnées sans crainte d'un chômage grave et prolongé. Il ne croit pas non plus qu'une politique de main-d'oeuvre très élaborée, assortie de nombreuses subventions et de primes spéciales à la mobilité, soit nécessaire. Les subventions à la mobilité peuvent toutefois être justifiées en présence d'externalités, d'une exagération des incertitudes et des programmes publics contribuant à réduire la mobilité, tels que les transferts fédéraux-provinciaux, les programmes de bien-être et l'assurance-chômage. Pour ce qui est de l'exagération, faute d'information, des incertitudes liées à l'emploi et au revenu, la difficulté pourrait être résolue en renseignant directement le public sur les possibilités d'emploi et la situation du marché du travail. Pour remédier à la discrimination du marché des capitaux contre les gens peu fortunés, il suffirait de consentir des prêts aux candidats à la mobilité.